Draft Letter of Offer
Dated September 12, 2018
For Eligible Equity Shareholders only

HINDUSTAN CONSTRUCTION COMPANY LIMITED

Our Company was incorporated as 'The Hindustan Construction Company Limited' on January 27, 1926 under the Companies Act, 1913. Subsequently, the name of our Company was changed to 'Hindustan Construction Company Limited' with effect from October 11, 1991.

Registered Office: Hincon House, LBS Marg, Vikhroli (West), Mumbai 400 083
Contact Person: Venkatesan Arunachalam, Company Secretary and Compliance Officer
Tel: (91 22) 2575 1000 | **Fax**: (91 22) 2577 7568
E-mail: secretarial@hccindia.com | **Website**: www.hccindia.com | **Corporate Identity Number**: L45200MH1926PLC001228

PROMOTERS OF OUR COMPANY: AJIT GULABCHAND, HINCON HOLDINGS LIMITED, HINCON FINANCE LIMITED, SHALAKA GULABCHAND DHAWAN AND SHALAKA INVESTMENT PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF HINDUSTAN CONSTRUCTION COMPANY LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH OF OUR COMPANY (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR AN AGGREGATE AMOUNT NOT EXCEEDING ₹ 500 CRORES ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" BEGINNING ON PAGE 291.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. The Rights Entitlements and Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States or the territories or possessions thereof (the "**United States**" or "**U.S**"), except in a transaction exempt from the registration requirements of the Securities Act. Investors are advised to refer to "*Risk Factors*" beginning on page 14 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") (collectively, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Equity Shares to be allotted pursuant to the Issue through their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is the [●].

LEAD MANAGER	REGISTRAR TO THE ISSUE
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020 Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 E-mail: hcc.rights@icicisecurities.com Investor grievance e-mail: customercare@icicisecurities.com Contact person: Suyash Jain/Rupesh Khant Website: www.icicisecurities.com SEBI registration number: INM000011179	**Link Intime India Private Limited** C-101, 247 Park L B S Marg Vikhroli (West) Mumbai 400 083 Tel: (91 22) 4918 6200 Fax: (91 22) 4918 6195 E-mail: hcc.rights@linkintime.co.in Investor grievance e-mail: hcc.rights@linkintime.co.in Contact person: Sumeet Deshpande Website: www.linkintime.co.in SEBI registration number: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

References to any legislation, Act, regulation, rules, guidelines or policies shall be to such legislation, Act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "Statement of Tax Benefits" and "Financial Statements" beginning on pages 77 and 93, respectively, shall have the meaning given to such terms in such sections.

Company and industry related terms

Term	Description
"Our Company" or "the Company" or "the Issuer" or "HCC"	Hindustan Construction Company incorporated under the Companies Act 1913 having its registered office at Hincon House, LBS Marg, Vikhroli (West), Mumbai 400 083
"Articles of Association" or "Articles"	The Articles of Association of our Company, as amended from time to time
Associates	Associates of our Company as per Ind AS are Warasgaon Lake View Hotels Limited, Knowledge Vistas Limited, Evostate AG, MCR Managing Corp. Real Estate, Projektentwicklungsges Parking Kunstmuseum AG, Evostate Immobilien AG and Highbar Technocrat Limited
Audited Financial Statements	Standalone and consolidated audited financial statements for Fiscal 2018, including the notes thereto and reports thereon
"Board" or "Board of Directors"	The board of directors of our Company or a committee thereof
Directors	Directors on the Board, as may be appointed from time to time
Equity Shares	Equity shares of face value of ₹ 1 each of our Company
ESOP Scheme	HCC Employees Stock Option Scheme
Financial Statements	Audited Financial Statements and Limited Review Financial Information
Group	Our Company, its Subsidiaries, its Joint Ventures and its Associates
Group Companies	Companies which are covered under the applicable accounting standards and also other companies as considered material by our Board
Joint Ventures	Joint Ventures of our Company as per Ind AS are HCC Concessions Limited, Narmada Bridge Tollways Limited, Badarpur Faridabad Tollways Limited, Baharampore-Farakka Highways Limited, Farakka-Raiganj Highways Limited, Raiganj-Dalkhola Highways Limited, Ecomotel Hotel Limited, Spotless Laundry Services Limited, Whistling Thrush Facilities Services Limited, Apollo Lavasa

Term	Description
	Health Corporation Limited, Andromeda Hotels Limited, Bona Sera Hotels Limited, Starlit Resort Limited and Nirmal BOT Limited
Limited Review Financial Information	Limited review standalone financial information of our Company for the three month period ended June 30, 2018, including the notes thereto and reports thereon. For details, see "*Financial Statements*" beginning on page 93
Material Subsidiaries	Material Subsidiaries for the purposes of this Draft Letter of Offer are HCC Infrastructure Company Limited and Steiner AG, Zurich
Memorandum of Association or Memorandum	The Memorandum of Association of our Company, as amended from time to time
Promoters	Ajit Gulabchand, Hincon Holdings Limited, Hincon Finance Limited, Shalaka Gulabchand Dhawan and Shalaka Investment Private Limited
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI Regulations
Registered Office	Registered office of our Company situated at Hincon House, LBS Marg, Vikhroli (West), Mumbai 400 083
Statutory Auditors	Statutory Auditors of our Company, namely M/s. Walker Chandiok & Co., LLP, Chartered Accountants
Subsidiaries	Subsidiaries of our Company as per Ind AS are Western Securities Limited, HCC Real Estate Limited, Panchkutir Developers Limited, HCC Mauritius Enterprises Limited, HCC Construction Limited, Highbar Technologies Limited, HCC Infrastructure Company Limited, HCC Mauritius Investment Limited, Lavasa Corporation Limited*, HRL (Thane) Real Estate Limited, HRL Township Developers Limited, Nashik Township Developers Limited, Maan Township Developers Limited, Charosa Wineries Limited, Powai Real Estate Developer Limited, HCC Realty Limited, HCC Aviation Limited, HCC Operation and Maintenance Limited, Dhule Palesner Operations & Maintenance Limited, HCC Power Limited, HCC Energy Limited, Dasve Business Hotel Limited, Dasve Hospitality Institutes Limited, Dasve Convention Center Limited, Dasve Retail Limited, Full Spectrum Adventure Limited, Future City Multiservices SEZ Limited, Hill City Service Apartments Limited, Hill View Parking Services Limited, Kart Racers Limited, Lakeshore Watersports Company Limited, Lakeview Clubs Limited, Lavasa Bamboocrafts Limited, Lavasa Hotel Limited, Mugaon Luxury Hotels Limited, My City Technology Limited, Nature Lovers Retail Limited, Our Home Service Apartments Limited, Reasonable Housing Limited, Rhapsody Commercial Space Limited, Rosebay Hotels Limited, Sahyadri City Management Limited, Valley View Entertainment Limited, Verzon Hospitality Limited, Warasgaon Assets Maintenance Limited, Warasgaon Infrastructure Providers Limited, Warasgaon Power Supply Limited, Warasgaon Tourism Limited, Warasgaon Valley Hotels Limited, Green Hills Residences Limited, Steiner AG, Steiner Promotions et Participations SA, Steiner (Deutschland) GmbH, VM + ST AG, Steiner Leman SAS, Eurohotel SA, Steiner India Limited, Manufakt8048 AG ** Corporate insolvency resolution process has been initiated under The Bankruptcy and Insolvency Code, 2016*
"we" or "us" or "our" or "Group"	Our Company, our Subsidiaries, Joint Ventures and Associates

Issue related terms

Term	Description
Abridged Letter of Offer/ ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI Regulations and the Companies Act
Allotment/ Allot/ Allotted	Unless the context otherwise requires, Allotment of Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made
Allottee(s)	Person(s) who is Allotted Equity Shares pursuant to Allotment
Applicant(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Applicant
Application Money	Aggregate amount payable in respect of the Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the CAF by the Applicant for blocking the amount mentioned in the CAF
ASBA Applicant/ ASBA Investor	Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who: 1. are holding the Equity Shares of our Company in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialized form; 2. have not renounced their Rights Entitlements in full or in part; 3. are not Renouncees; and 4. are applying through blocking of funds in a bank account maintained with the SCSBs. QIBs, Non-Institutional Investors and Investors whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process.
Banker(s) to the Issue/ Escrow Collection Banks	[●]
Composite Application Form/ CAF	Form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	The Designated Stock Exchange for this Issue shall be [●]
Draft Letter of Offer / DLOF	This draft letter of offer dated September 12, 2018 issued by our Company in accordance with the SEBI Regulations and filed with SEBI for its observations
Eligible Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company as on the Record Date

Term	Description
Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, i.e. [●] and the Renouncee(s)
Issue/ the Issue/ this Issue	This issue of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 500 crore on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date
Issue Agreement	Issue Agreement September 12, 2018 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Equity Share
Issue Proceeds	Gross proceeds of the Issue
Issue Size	Amount aggregating up to ₹ 500 crore
I-Sec or Lead Manager	ICICI Securities Limited
Letter of offer or LOF	Final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from SEBI on this Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations
Monitoring Agency	[●]
Net Proceeds	Issue Proceeds less the Issue-related expenses. For further details, see "*Objects of the Issue*" beginning on page 72
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a Qualified Institutional Buyer
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Record Date	[●]
Registrar to the Issue / Registrar	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders
Retail Individual Investor	Individual investors who have applied for Equity Shares for a value of not more than ₹ 2 lakhs (including HUFs applying through their Karta) through one or more applications
Rights Entitlement	Number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date
SAF(s)	Split application form(s) which is an application form used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncee(s)
SCSB(s)	Self-certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes

Term	Description
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes any company whose director or promoter is categorised as such
Working Days	All days other than a Sunday or a public holiday on which commercial banks in Mumbai are open for business

Industry Related Terms

Term	Description
BOOT	Built operate own and transfer
BOT	Built operate transfer
EPC	Engineering, Procurement and Construction
GW	Gigawatt
Km	Kilometre
MMT	Million Metric Tonnes
NHAI	National Highways Authority of India
NHPC Limited	National Hydroelectric Power Corporation Limited
sq.ft.	Square feet
sq.km.	Square kilometre

Conventional and General Terms/Abbreviations

Term	Description
₹ / Rupees / INR	Indian Rupees
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment year
BSE	BSE Limited
CAGR	Compounded annual growth rate (calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered)
Calendar Year	Year ending on December 31
Category III Foreign Portfolio Investors	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
C&F Agent	Carrying and Forwarding Agent
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CII	Confederation of Indian Industry
CIN	Corporate identity number
Civil Procedure Code / CPC	The Code of Civil Procedure, 1908
CJM	Chief Judicial Magistrate
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder to the extent in force pursuant to the notification of the Notified Sections
Competition Act	The Competition Act, 2002

Term	Description
CrPC	Code of Criminal Procedure, 1973
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Directors Identification Number
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary general meeting
EPS	Earnings per share
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017
Financial Year / Fiscal Year / Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GoI / Government	Government of India
GST	Goods and Service Tax
ICAI	Institute of Chartered Accountants of India
Income Tax Act	The Income-tax Act, 1961
Ind AS	Indian accounting standards as notified by the MCA pursuant to Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally accepted accounting principles in India, including the accounting standards specified under the Companies (Accounts) Rules, 2014
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
IPC	Indian Penal Code, 1860
ITAT	Income Tax Appellate Tribunal
JMFC	Judicial Magistrate First Class
MCA	Ministry of Corporate Affairs
Mn / million	Million
MoU	Memorandum of Understanding
NCD	Non-convertible debentures
Net Asset Value / NAV	Net asset value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
Net Worth	Aggregate of paid up share capital, share premium account and reserves and surplus (excluding revaluation reserves), as reduced by the aggregate miscellaneous expenditure (to the extent not availed or written off) and the debit balance of the profit and loss account
NGO	Non-Governmental Organisation
Notified Sections	Sections of Companies Act, 2013 that have been notified by the Government of India
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent account number
PAT	Profit After Tax
PCB	Pollution Control Boards
RBI	Reserve Bank of India

Term	Description
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Mumbai at Maharashtra
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
US GAAP	Generally accepted accounting principles in the United States of America
U.S. Person	A U.S. person as defined in Rule 902(k) of Regulation S under the Securities Act
U.S.$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
USA / U.S. / United States	The United States of America
Securities Act	The U.S. Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, Abridged Letter of Offer and CAFs and the issue of the Rights Entitlement and the Equity Shares on a rights basis to persons in certain jurisdictions outside India, may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer, Abridged Letter of Offer and CAFs to such Eligible Equity Shareholder who has provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer, Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer, Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for its observations. Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or CAF or any offering materials or advertisements in connection with the Issue may not be distributed in any jurisdiction outside India, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or CAF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or CAF must be treated as sent for information only and should not be copied, redistributed or acted upon for subscription to Equity Shares. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAF should not, in connection with the issue of the Rights Entitlements or Equity Shares, distribute or send such document into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Equity Shares referred to in this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAF.

Any person who makes an application to acquire Rights Entitlement and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the Rights Entitlement and the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Neither the delivery of this Draft Letter of Offer, the Letter of Offer and Abridged Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

The contents of this Draft Letter of Offer, the Letter of Offer and Abridged Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each Investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**U.S.**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE

UNITED STATES AT ANY TIME.

Neither our Company nor any person acting on behalf of our Company will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAF will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) it is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any CAF which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the CAF headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain conventions

In this Draft Letter of Offer, unless otherwise specified or context otherwise requires, references to 'US$', '$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the references herein to 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Financial data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from our Company's Audited Financial Statements and Limited Review Financial Information which have been prepared by our Company in accordance with Ind AS, guidance notes specified by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and / or regulatory requirements and are also included in this Draft Letter of Offer. Our Company has adopted Ind AS prescribed under Section 133 of the Companies Act, 2013 with effect from April 1, 2016. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. There are significant differences between Ind AS and US GAAP and IFRS. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. For details of financial statements, see "*Financial Statements*" on page 93.

The fiscal year of our Company begins on April 1 of each calendar year and ends on March 31 of the succeeding calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular year are to the calendar year ended December 31 and to a particular 'Financial' or 'FY' or 'Financial Year 'or 'Fiscal Year' or 'Fiscal' are to the financial year ended on March 31.

In this Draft Letter of Offer, any discrepancies in any table between the amounts listed and the totals thereof are due to rounding off. Accordingly, figures shown as totals in certain tables, may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in crores and lakhs.

Market and industry data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither our Company nor the Lead Manager make any representation as to the accuracy of that information. Accordingly, investment decisions should not be based solely on such information.

Currency of presentation

All references to:

- 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India
- 'US$', '$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America.

Please note:

- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Conversion rates for foreign currency

The conversion rate for the following foreign currency is as follows:

Sr. No.	Name of the Currency	As of March 31, 2018 (in ₹)	As of June 30, 2018 (in ₹)
1.	1 United States Dollar	65.04	68.58

(Source: www.rbi.org.in)

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical facts constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements and any projections contained in this Draft Letter of Offer (whether made by our Company or third parties) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- inability to attract and retain our senior personnel;
- involvement in legal proceedings in various states in India;
- initiation of the corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 against LCL, our Subsidiary;
- inability to successfully manage the growth of our operations;
- inadequate insurance coverage to protect ourselves from all losses;
- failure to comply with environmental, employee-related or health and safety laws and regulations or any other local laws or regulations in the countries in which we operate;
- delay and/ or failure in the supply of materials, services and finished goods from third parties at acceptable prices and quality or at all;
- requirement to write off certain of our investments in our Subsidiaries, Associates and Joint Ventures; and
- inability to obtain adequate financing or generate sufficient cash flow to meet out significant capital expenditures and liquidity requirements.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under "*Risk Factors*" and "*Business*" beginning on pages 14 and 80, respectively.

The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer and neither our Company nor the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise.

If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in our equity shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer.

Risks relating to our overall business

1. ***Our success depends largely upon our senior personnel, our highly skilled professionals and our ability to attract and retain these professionals.***

   Our success has been, and will continue to be, heavily dependent upon the collective efforts of our senior personnel, who have built our business and have been instrumental in our development. If we lose the services of any of these key individuals and are unable to suitably replace them in a timely manner, our business may be materially and adversely affected.

   Our ability to successfully complete projects and to attract new clients also depends largely on our ability to attract, train, motivate and retain highly skilled professionals, particularly project managers, engineers, and skilled workers. If we cannot hire and retain highly skilled personnel, our ability to bid for and execute new projects and to continue to expand our business will be impaired and, consequently, our revenues could decline. We may not be able to re-deploy and re-train our professionals to keep pace with continuing changes in technology, evolving standards and changing needs of our clients. As a result of the recent growth in the construction industry in India and its expected future growth, the demand for highly-skilled professionals and workers has significantly increased in recent years. Further, we may lose skilled workers to competing employers who pay higher wages or be forced to increase the wage rates that we pay, or both. If we are unable to attract and retain professionals and skilled workers, our business, results of operations and financial condition may be materially adversely affected.

   Employee and worker levels of compensation in India are increasing at a faster rate than outside of India, which could result in increased salary costs of engineers, managers and other professionals and workers. We may need to continue to increase the levels of our employee and worker compensation to remain competitive and manage attrition. Any such increase could have a material adverse effect on our business and results of operations.

2. ***We are involved in certain outstanding litigation and other proceedings and cannot assure Investors that we will prevail in these actions.***

   We are involved in several arbitration and legal proceedings incidental to our business and operations. The arbitration proceedings are being adjudicated by various arbitral tribunals and pertain to disputes such as non-payment of dues and wrongful termination of agreements. Parties have filed counter claims in some of these arbitration proceedings. Should the proceedings be decided against us, it could have a material adverse effect on our business, financial condition and results of operations. The legal proceedings we are involved in include civil suits, criminal matters, real estate related litigation, consumer proceedings and labour proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We have also received a number of demand notices from operational creditors under The Insolvency and Bankruptcy Code, 2016 and some of these demand notices have reached the stage of application petitions before the National Company Law Tribunal. Legal proceedings divert management time and attention, and consume financial resources in their defence or prosecution. In addition, should any new developments arise such as changes in Indian law or rulings against us by appellate court or tribunals, we may need to make provisions in our financial statements which could increase our expenses and current liabilities. In the event any pending notices reach the stage of litigation or if any claims are determined against us and we are required to pay all or a portion of the disputed amounts as determined, this could have a material adverse effect on our business and financial standing. For details of outstanding material legal proceedings, see "*Outstanding Litigation and Defaults*" on page 247.

3. ***The corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 has been initiated against LCL, our Subsidiary.***

Pursuant to the order dated August 30, 2018 (the "**Order**"), the National Company Law Tribunal ("**NCLT**") admitted a petition filed by an operational creditor, Raj Infrastructure Development (India) Private Limited, to initiate the corporate insolvency resolution process ("**CIRP**") under The Insolvency and Bankruptcy Code, 2016 (the "**IBC**") against LCL, our Subsidiary. Pursuant to the Order, an Interim Resolution Professional ("**IRP**") has been appointed in respect of LCL and declared a moratorium in terms of the IBC, prohibiting, among others, institution of suits or continuation of pending suits or proceedings against LCL and transferring, encumbering or disposing off assets or legal right by the corporate debtor. In terms of the IBC, the from the date of appointment of the IRP, the powers of the board of directors of LCL stand suspended and be exercised by the IRP and the officers and mangers of LCL are required to report to the IRP and provide access to such documents and records of LCL. Further, pursuant to the provisions of the IBC, the IRP is vested with the management of LCL and shall, among others, be responsible for complying with the requirements under law for the time being in force on behalf of LCL. Subsequently, the IRP has issued a notice taking control and custody over assets of LCL. The process under the IBC, among others, requires constitution of a committee of creditors and inviting prospective resolution applicants to submit resolution plans for LCL. The IBC also provides for penalties on persons other than the corporate debtor including persons who were parties to the business being carried on for any fraudulent purpose or with intent to defraud the creditors of the corporate debtor.

LCL is in the comprehensive urban development business and as of the date of this Draft Letter of Offer, our Company holds 68.70% of the equity shares of LCL directly and through HREL, our wholly-owned subsidiary.

In September 2017, the Joint Lenders Forum of Lavasa decided to invoke strategic debt restructuring on LCL. In addition to other rights, by virtue of the strategic debt restructuring mechanism, the lenders of LCL are entitled to convert a part of their debt into equity. While LCL was working jointly with the consortium of lenders for a financial solution for Lavasa, in February 2018 the RBI revoked all existing restructuring schemes. Consequently, in July 2018, LCL had submitted a financial resolution proposal to its lenders prior to the CIRP being admitted by the NCLT.

The IBC process in India is relatively recent and it is difficult to estimate the impact of LCL undergoing CIRP on our Company. As of March 31, 2018, the aggregate investment made by our Company in HREL (the holding company of LCL) and LCL of ₹ 630.83 crore constituting 80.76% of the total investments of our Company on a consolidated basis, may be required to be written-off as a consequence of the corporate insolvency resolution process under IBC or if LCL is liquidated under the IBC.

Further, our Company and certain of our Subsidiaries have provided corporate guarantees to lenders LCL in respect of the Lavasa project, which are not subject to the moratorium. Accordingly, our Company and such Subsidiaries may be exposed to litigation in this regard. For further details, see "*Risk Factors - We and certain of our Subsidiaries have provided corporate guarantees to the lenders of LCL in respect of the Lavasa project*" on page 38.

Additionally, any litigation initiated against officials of LCL who are also officials of our Company or our other Subsidiaries, may continue and if decided adversely, could have a material adverse impact on our Company. Further, if any litigation is initiated against our Company or our Directors in connection with the IBC proceedings involving LCL, it may have a material adverse effect on our Company.

Any uncertainties or adverse impact in relation to this process could also cause volatility on our stock price and affect the value of your equity shares.

In addition, insolvency proceedings may be initiated or admitted against certain subsidiaries of LCL which may have a material adverse effect on our Company.

Any of the factors listed above or other events that arise in the course of the IBC process could have a material adverse effect on the business, prospects, financial condition and reputation of our Company.

4. ***We may not be able to successfully manage the growth of our operations.***

As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and implement an effective management information system. In order to fund our ongoing operations and future growth, we need to have sufficient internal sources of liquidity or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we will be able to comply with our legal and contractual obligations and minimize our operational and compliance risks. There can be no assurance that we will not suffer from capital constraints, operational difficulties or difficulties in expanding existing business and operations and training an increasing number of personnel to manage and operate the expanded business. There can be no assurance that we will be able to successfully manage our growth or that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations and future prospects.

In addition, the projects we undertake are increasing in scale and complexity. We must continue to improve our project management system and supporting infrastructure, such as our information technology and human resources systems and training programs, in order to ensure that we will be able to continue to successfully execute large and complex projects on a timely basis. We have implemented (and in the case of Steiner, are implementing) SAP as well as other information technology initiatives to enhance our capabilities in project management and execution. There can be no assurance that we will be able to improve our project management system and supporting infrastructure at a rate commensurate with the increase in size and complexity of the projects that we undertake, and any resulting impairment in our project management and execution capabilities may have a material adverse effect on our business, financial condition, results of operations and future prospects.

5. ***Our insurance coverage may not adequately protect us against all losses.***

We are generally required to maintain insurance coverage under our contracts in respect of construction works, plants and equipment. As of June 30, 2018, almost all of our projects were covered under contractor's all risk insurance policies insured with a number of domestic insurance companies. In addition, we also maintain an umbrella insurance policy for our construction plants and machinery where the insurance cover is limited to ₹50 crore for the policy period per year and ₹ 50 crore per accident.

Our projects could suffer physical damage from fire or other causes, resulting in losses, including loss of rent, which may not be fully compensated by insurance. In addition, we could suffer damage due to earthquakes, floods, hurricanes, terrorism or acts of war, which may be uninsurable or are not insurable at a reasonable premium. The proceeds of any insurance claim may be insufficient to cover rebuilding costs as a result of inflation, changes in regulations, environmental issues as well as other factors.

There can be no assurance that our insurance coverage in respect of our various businesses will cover actual losses incurred. To the extent that actual losses we incur exceed the amount insured, we may be required to bear substantial losses which would have a material adverse effect on our financial position. Further, although we maintain insurance in respect of our engineering and construction projects in accordance with industry standards in India, there can be no assurance that such insurance will be sufficient to cover liabilities resulting from claims relating to our engineering and construction projects.

Additionally, in line with industry practice, we operate with certain business risks uninsured including business interruptions and loss of profit or revenue. To the extent that uninsured risks materialize, it may have a material adverse effect on our business, financial condition and results of operations.

6. ***If we fail to comply with environmental, employee-related or health and safety laws and regulations or any other local laws or regulations in the countries in which we operate, our business and results***

of operations may be materially and adversely affected.

We, in the normal course of our business operations, are required to comply with various laws and regulations relating to the environment. Although we believe that we comply in all material respects with all applicable statutes and the regulations made thereunder, we may incur substantial costs to comply with requirements of environmental laws and regulations in the future. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. If any of our projects are shut down, we will continue to incur costs in complying with regulations, appealing any decision to stop construction, continuing to pay labour and other costs which continue even if construction has ceased. Moreover, with respect to our engineering and construction business, most of the construction contracts we enter into require our customers to obtain the necessary environmental clearances to proceed with a project and we may not have control over the process. If environmental clearances are not obtained in a timely manner or at all, the project may not be in compliance with environmental laws and regulations and/or may be delayed and our overall operating expenses may increase, adversely affecting our business and results of operations. We are also subject to health and safety laws and regulations as well as laws and regulations governing our relationship with our employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees, contract labour and work permits.

The success of our strategy to modernize and optimize our existing operations in the various sectors in which we operate is contingent upon, among other factors, receipt of all required licenses, permits and authorizations, including local land use permits, building and zoning permits, environmental, and health and safety permits. Changes in laws or regulations in the countries in which we operate may result in us incurring significant costs in order to maintain compliance with such laws and regulations and may delay or prevent project completion.

Our domestic operations in India and our international operations are subject to various regulatory requirements. There can be no assurance that a failure to comply with any such regulations would not result in penalties, revocation of permits or licenses for our operations or litigation that may adversely affect our business, financial condition and results of operations.

7. A delay and/or failure in the supply of materials, services and finished goods from third parties at acceptable prices and quality or at all may materially and adversely affect our business, results of operations and prospects.

In some of our key business operations, we rely on third parties for the timely supply of specified raw materials, equipment and maintenance services. Although we actively manage these third-party relationships to ensure continuity of supplies on time and to our required specifications, some events beyond our control could result in the complete or partial failure of supplies or in supplies not being delivered on time. Furthermore, we are sometimes required to work with suppliers who are designated by our clients, which may limit our ability to manage the suppliers. Any such failure could materially and adversely affect our business, results of operations and prospects.

Our business is also affected by the availability, cost and quality of the raw materials we need to construct and develop our projects, particularly steel and cement. The prices and supply of raw materials depend on factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties. There is a risk that our primary suppliers may curtail or discontinue delivery of raw materials in quantities we need and/or at prices that are competitive. Fluctuations in the prices of the underlying raw materials may also indirectly impact the prices of equipment and components procured for our operations. Long-term supply contracts that we enter into do not cover the price.

Any failure to obtain the raw materials we need for our projects at acceptable prices and quality or at all would materially and adversely affect our business, results of operations and prospects.

8. Any manufacturing defect or poor maintenance systems of the machinery may cause strain on our machinery and lead to delays in implementation of our projects.

We depend on machinery and equipment to implement our projects. We order these machinery and equipment from various parts of the world. Any manufacturing defect or poor maintenance systems of the machinery may cause strain on our machinery and lead to delays in implementation of our projects.

9. We may be required to write off certain of our investments in our Subsidiaries, Associates and Joint Ventures.

We have made and may continue to make certain capital investments, loans, advances and other commitments to support certain of our Subsidiaries, Associates and Joint Ventures. These investments and commitments have included capital contributions to enhance the financial condition or liquidity position of our Subsidiaries, Associates and Joint Ventures. If the business and operations of these Subsidiaries, Associates and Joint Ventures deteriorate, our investments may be required to be written down or written off or further capital injections may be required to be made. For instance, the business operations of one of our Subsidiaries, Lavasa Corporation Limited have deteriorated and recently the National Company Law Tribunal has admitted a petition to initiate the corporate insolvency resolution process against it. For further details, see "*The corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 has been initiated against LCL, our Subsidiary*" and "*We are presently in breach of certain covenants in relation to repayment under some of our financing agreements and any adverse action taken by the lenders in connection with such breaches may have a material adverse effect on our business, results of operation and financial condition*" on pages 15 and 20, respectively. Additionally, certain loans or advances may not be repaid or may need to be restructured, or we may be required to outlay capital under guarantees which we have provided to the lenders of these Subsidiaries to support such companies.

10. We may not be able to obtain adequate financing or generate sufficient cash flow to meet our significant capital expenditures and liquidity requirements, which would have a material and adverse effect on our business, results of operations, financial position and prospects.

Our engineering and construction, infrastructure and real estate projects are capital intensive and require us to have significant amounts of working capital. We have had, and expect to continue to have, substantial liquidity and capital resource requirements that will require significant capital expenditure and working capital. As of March 31, 2018, we had consolidated borrowings in the form of secured and unsecured loans (including current maturities) for amounts aggregating ₹ 8,530.32 crore and ₹ 925.25 crore, respectively.

Our project financing is a combination of net working capital, advances from customers and bank financing. While we may approach various lender institutions for financial commitments, these commitments are subject to a number of conditions precedent, such as completion of documentation satisfactory to parties thereto, among others. We may not be able to fulfil all or any of the conditions or agree on commercial terms or non-commercial terms with these banks and financial institutions, in which case they would have no obligation to provide any loans to us. Our inability to obtain financing may impair our business, results of operations, financial condition or prospects, as the case may be. Such inability could result from, among other causes, our then current or prospective financial condition or results of operations or from our inability for any reason (including reasons applicable to Indian companies generally) to issue securities in the capital markets. Depending on the stages or phases of our various projects in our current portfolio, we may not be able to generate sufficient cash flow to meet our significant capital expenditures and liquidity requirements, which would have a material and adverse effect on our business, results of operations, financial position and prospects. In addition, a decline in our order intake or order backlog may lead to impairment of our ability to obtain financing which may consequently impair our business, results of operations, financial condition or prospects, as the case may be. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary to meet our requirements.

Steiner has a credit facility arrangement with a consortium of banks under which the consortium provides bonds in relation to Steiner's projects as required under the terms of the projects and under which it is required to comply with certain covenants, including, without limitation, a minimum cash amount at any given time. If Steiner is unable to comply with the minimum cash requirements or other covenants, such as minimum equity and minimum profitability margin, under the facility arrangement, it may be in default and the consortium may, among others, terminate the facility arrangement and demand cash payments for the existing bonds issued on its behalf. Steiner may also be unable to renew or extend the credit facility agreement upon its expiry in August 2020 as there can be no assurance that such renewal or extension will occur. This would have a material adverse impact on our business, results of operations, financial position and prospects.

11. ***Our financing agreements contain certain restrictive covenants including requiring prior consent of our lenders for undertaking a number of corporate actions, including the Offer, which may affect our interest and we are subject to restrictions on our financial and operational flexibility and risks associated with debt financing, including acceleration of our repayment obligations and forced sale of our assets if we fail to comply with covenants under our credit facilities, many of which have been secured by our assets.***

We are subject to risks typically associated with debt financing. The level of debt and the limitations imposed on us by our current or future loan arrangements could have significant adverse consequences, including, but not limited to, the following:

a. we may be required to dedicate a portion of our cash flow towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;

b. our ability to obtain additional financing in the future may be impaired;

c. fluctuations in market interest rates may adversely affect the cost of our borrowings, since the interest rates on certain of our borrowings may be subject to changes based on the prime lending rate of the respective bank lenders, may be subject to renegotiation and/or escalation on a periodic basis and may not be covered by interest rate hedge agreements;

d. there could be a material adverse effect on our business, prospects, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial covenants of such indebtedness; and

e. we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Any failure to service our indebtedness, maintain the required security interests, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities and cause lenders to force a sale of our assets, a substantial majority of which secure our outstanding loans, which would materially and adversely affect our business, financial condition and results of operations. Further, where our property is secured through a mortgage, in the event of default, our property may be subject to foreclosure proceedings.

Additionally, certain of our loan agreements contain covenants which in the event of any default restrict certain activities and require us to obtain lenders' consents before, among other things, issuing new securities, declaring dividends in the event of non-payment and making certain investments beyond the approved amount. Such loan agreements also allow the lenders to sell assets of certain value in the event of non-payment. Certain of the loan agreements also give the lenders the right to nominate directors to the Board in the event of non-payment. Such provisions are standard in loan agreements with Indian lenders and are imposed on Indian borrowers, including us, with little or no variation. There can be no assurance that our lenders will provide us with the requisite consents in the future.

Pursuant to the arrangements entered into with our lenders, we have applied to our lenders to obtain their consent to undertake the Issue. However, we have not received such consent as on the date of filing of this Draft Letter of Offer. We cannot assure you that we will receive such consent on terms favourable to us or at all. If we are unable to obtain such consent prior to filing of the Letter of Offer, we will not proceed with the Issue.

In 2012, we restructured our debt under the Corporate Debt Restructuring ("**CDR**") mechanism of the Reserve Bank of India under which we rescheduled approximately ₹ 32,000 million, or 36.5%, of our then total debt outstanding at the time. Additionally in 2016, we have also entered into a Scheme for Sustainable Structuring of Stressed Assets ("**S4A Scheme**"). The Joint Lender's Forum adopted the S4A Scheme with a reference date of July 12, 2016. The S4A Scheme was duly approved by the RBI mandated Overseeing Committee on November 4, 2016. Under the S4A Scheme, our Company's total debts amounting to ₹ 5,107 crores as on October 1, 2016 have been bifurcated into sustainable debt, to be serviced as per the existing terms and conditions of those debts, and the remainder debts (to the extent of 47.5% of the fund-based exposure of our Company) have been given the option to convert into fully paid-up Equity Shares in favour of the lenders by following the principle of proportionate loss and balance in OCDs collectively in favour of the lenders. The number of Equity Shares or OCDs to be allotted will be determined based on the share price prevailing at the time of such allotment. The S4A Scheme was approved by our shareholders on January 5, 2017 and was implemented with effect from January 8, 2017 with a participation of more than half of our lenders (to whom we owe more than 75% of our debt). Pursuant to the S4A Scheme, we have allotted 23,63,04,020 Equity Shares aggregating to 23.27% of the paid-up equity share capital of our Company and 1,46,71,590 OCDs to our lenders. As on June 30, 2018, our lenders held 22,95,42,794 Equity Shares representing 22.60% of the paid-up equity share capital of our Company.

Under the terms of the S4A Scheme, we are required to obtain the prior approval of the monitoring institution to declare or pay any dividend on any class of our equity or preference share capital. Additionally, we cannot *inter alia* issue any debentures, avail any loans, accept deposits from the public, create any charge on our assets, provide any guarantees or undertake revaluation of our assets at any time without the prior approval of the monitoring institution. Any failure to observe the terms of the S4A Scheme may lead to an acceleration of amounts payable under such arrangement and the right to enforce the security provided, including the right to enter upon and take possession of our assets and/ or transfer any or all of our assets by way of lease or assignment or leave and licence or sale. Additionally, the lenders forming part of the S4A Scheme shall also be able to enforce certain rights in relation to appointment of a nominee director on our Board. The exercise of these rights by the S4A lenders may have an adverse impact on the Company. Not all the lenders to the Company are party to the S4A and the rights of such lenders in the event of any default in payment obligations by the Company are separate and in addition to the rights of the S4A lenders.

As on March 31, 2018, an amount of ₹ 41.94 crore was outstanding as regards the NCDs held by Axis Bank and an amount of ₹ 78.71 crore was outstanding in relation to the NCDs held by LIC and we are also subject to certain restrictive covenants under these arrangements.

We cannot assure you that we will not be subject to any regulatory action or action taken by our lenders in the future, which could lead to a cessation of our operations or any other restrictions on our business, which may, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

12. Our shares in Steiner have been pledged to secure repayment of certain loans outstanding and any failure to pay the principal or interest or other default under the terms of the loan obligation may result in the lender exercising its rights with respect to the pledge, including the right to foreclose, sell or transfer the shares.

In October 2011, HCC Mauritius Enterprises Limited ("**HCCMEL**"), our wholly owned subsidiary, pledged to the Export-Import Bank of India (the "**Exim Bank**") 66% of the share capital of Steiner in connection with our receipt of financing from the Exim Bank to acquire 66% of the equity shares in Steiner. In addition, in 2014, we pledged 100% of the share capital of our wholly-owned subsidiary, HCC Mauritius Investment Limited ("**HCCMIL**"), which owns 34% of Steiner, in favor of the Exim Bank. As such, all the shares of Steiner which are owned by our wholly-owned subsidiaries HCCMEL and HCCMIL have been pledged in favor of the Exim Bank. Any failure to service the indebtedness or default may result in Exim Bank exercising its rights with respect to the pledge, including but not limited to foreclosing and selling or transferring the shares, which would have a material adverse effect on our business, financial condition and results of operations. Steiner contributed to 53.24%, 56.55%, and 49.83% of our total revenues for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

13. We are presently in breach of certain covenants in relation to repayment under some of our financing agreements and any adverse action taken by the lenders in connection with such breaches may have a material adverse effect on our business, results of operation and financial condition.

We are presently in breach of certain covenants in relation to repayment under some of our financing agreements, including under the S4A Scheme. As of March 31, 2018, March 31, 2017 and March 31, 2016, we had defaulted on the repayment of dues owed to certain financial institutions, banks and debenture holders in the principal amounts of ₹ 90.15 crore, ₹ 72.59 crore and ₹ 34.11 crore, respectively, and interests thereon amounting to ₹ 6.17 crore, ₹ 65.58 crore and ₹ 28.20 crore, respectively.

In most instances, breach of covenants has constituted an event of default (whether upon a service of notice by the lender or otherwise) under the relevant facilities and has entitled the respective lenders to enforce remedies under the terms of the respective financing agreements. Further, as a consequence of such breaches and relevant actions by the respective lenders, other lenders could also initiate enforcement actions pursuant to cross-default provisions under our financing agreements with them.

If the obligations under any of our financing agreements are accelerated, we may be required to devote a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of cash for our operations. In addition, the lenders and/or the security trustees may enforce their respective security interest in certain of our assets. Further, during the period in which we are in default, we may face difficulties in raising further loans. Any future inability to comply with the covenants under our financing agreements or to obtain the necessary consents required thereunder may lead to termination of our credit facilities, levy of penal interest, acceleration of all amounts due under such financing agreements and enforcement of any security provided. In addition to the above, insolvency proceedings may be initiated against us under The Insolvency and Bankruptcy Code, 2016. Any of these circumstances would have a material adverse effect our business, results of operation, financial condition and prospects.

14. ***Our Promoters, together with the Promoter Groups' shareholders, hold a significant number of the Equity Shares and, if they take actions that are not in the best interests of the holders of the Equity Shares, it may harm the value of the investment in the Equity Shares.***

As of June 30, 2018, our Promoters, together with the Promoter Groups' shareholders, held approximately 27.67% of the equity share capital of our Company and may increase their shareholding in the future. As a result, the Promoters exercise significant control over our Company. This control could delay, defer or prevent a change in control, impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us even if that was in our best interests. As of June 30, 2018, two of our Promoters, Hincon Holdings Limited and Hincon Finance Limited, have pledged 21.27% and 2.35% of the total equity share capital of our Company in favor of the lenders under the S4A Scheme. We have no control over the actions of our Promoters and we cannot assure you that our Promoters will always comply with the terms of the facility agreements. Any breach by our Promoters of the facility agreements may have a material adverse effect on our business prospects, financial condition and results of operations.

Circumstances may arise in which the interests of our Promoters or Promoter Groups' shareholders or the interests of their associated companies may conflict with the interests of our other shareholders. Our Promoters or Promoter Groups' shareholders may from time to time pursue business opportunities and form other ventures, including in the construction or property development sector, which may operate within the Group or outside the Group and which may compete directly or indirectly with existing businesses of the Group.

15. ***Our lenders under the S4A Scheme hold 22.60% of the paid-up Equity Share capital of our Company as on June 30, 2018 and, if they discontinue providing support to us in the manner envisaged under the S4A Scheme, it may harm the value of the investment in the Equity Shares and have an adverse effect on the our business, financial position and results of operations.***

Pursuant to the implementation of the S4A Scheme, the S4A lenders were allotted 23,63,04,020 Equity Shares aggregating to 23.27% of the paid-up equity share capital of our Company. As on June 30, 2018, the S4A Lenders held 22.60% of the paid-up equity share Capital of the Company. As a result, the S4A lenders have a significant stake in our Company, which if not exercised in our best interests, could have an adverse effect on our business and results of operations. Such a significant stake of lenders in our Company could delay, defer or prevent a change in control, impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us even if that was in our best interests. Circumstances may arise in which the interests of the S4A lenders may not align with the interests of our Company and our other shareholders. In the event we wish to pursue certain business opportunities including in the construction or property development sector, to which the S4A lenders do not provide their support, it may result in impairment of our future business prospects.

16. We have certain contingent liabilities and our financial condition and profitability could be adversely affected if any of these contingent liabilities materialize.

We have created provisions for certain contingent liabilities in our financial statements. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future and that our existing contingent liabilities will not have material adverse effect on our business, financial condition and results of operations. For further details in relation to our contingent liabilities, see "*Financial Statements – Audited Consolidated Financial Statements as at and for the year ended March 31, 2018 - Note 32*" on page 195.

17. Certain of our Subsidiaries have incurred losses in the last three years.

Certain of our Subsidiaries have incurred losses in the last three financial years.

The following table sets forth our Subsidiaries that have incurred post-tax losses of more than ₹ 100 crore in the last three years.

Financial Year	Name of the Subsidiary	Post tax losses (₹ crore)
2017-2018	HCC Infrastructure Company Limited	(194.92)
	Lavasa Corporation Limited*	(682.08)
2016-2017	HCC Infrastructure Company Limited	(172.18)
	Lavasa Corporation Limited*	(166.30)
2015-2016	HCC Infrastructure Company Limited	(164.83)

* *Corporate insolvency resolution proceedings have been initiated against Lavasa Corporation Limited. For further details, see "Risk Factors - The corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 has been initiated against LCL, our Subsidiary" on page 15.*

To the extent these Subsidiaries and special purpose vehicles undertaking projects continue to incur losses, our results of operations will be materially and adversely affected.

18. If we cannot respond adequately to increased competition in the future, we may lose market share and our business, results of operations, financial condition and prospects may be materially and adversely affected.

Historically, we have faced limited competition in India for certain of our businesses. In recent years, India has adopted new economic policies which have created opportunities for increased competition in the engineering and construction business, especially from foreign companies. While we believe that the liberalization of the Indian economy creates attractive business opportunities for us, we also anticipate that competition from both Indian and foreign companies will increase. Although we have a business strategy which seeks to minimize the effects of such competition, there can be no assurance that such competition will not erode our historical profit margins.

Projects are awarded following competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. Once the prospective bidders satisfy the pre-qualification requirements of the tender, the project is usually awarded based on the price of the contract quoted by the prospective bidder. The nature of this process may cause us and other prospective bidders to lower prices for award of the contract, so as to maintain market share. This could have a material negative effect on our financial condition, results of operations and prospects. If we are unable to bid competitively, we may fail to increase or maintain our order book, which would also materially and adversely affect our business, results of operations and prospects.

In Switzerland, competition already has and may continue to put pressure on our client relationships, pricing and reliability on our service and raw material supply and margin pressure could arise from, among other things, limited demand growth and overcapacity in a relevant market, price reductions by competitors, the ability of competitors to capitalize on their economies of scale, the access of competitors to new technologies that we may not possess. Also, we face increasing competition from foreign companies entering Switzerland, particularly those from neighbouring countries. Any intensification of competition or failure of us to compete successfully with our competitors could have an adverse effect on the demand for, and pricing of, our services and our market share, and as a result, could have a material adverse effect on our business, results of operation, financial condition and prospects.

19. Changes in Indian taxation laws , including the introduction of GST could adversely affect our ability to benefit from tax incentives which may have a material adverse effect on our business.

Our infrastructure and construction business is subject to the IT Act. The IT Act provides certain tax benefits to companies engaged in infrastructure development and construction operations, including a deduction of 100% of the profits (for a period of 10 consecutive assessment years) derived from the business of developing an infrastructure facility. We have claimed certain tax credits under Section 80 IA of the IT Act, relating to infrastructure development projects which decrease the effective tax rates compared to the statutory tax rates. However, pursuant to the Finance Act, 2016, the benefit under Section 80 IA of the IT Act, 1961 shall not be available to an enterprise which starts the development or operation and maintenance of the infrastructure facility on or after April 1, 2017. There can be no assurance that such tax incentives will continue in the future or that such tax credits shall be held to be available to us. Further, as GST has been introduced relatively recently and because many of our existing contracts do not provide specifically for the consequences of GST, we may be involved in disputes arising due to differences in the interpretation of the new law. Accordingly, we may be involved in litigation in relation to GST and/or disputes with our clients as regards the manner in which GST applies to our contracts with them.

20. Certain supporting documents in connection with the biographies of certain of our Directors included in "Our Management" are unavailable.

Certain documents supporting the information included in the biographies pertaining to the educational qualifications and previous work experience for certain of our Directors, disclosed in "*Our Management*" beginning on page 87 are unavailable. Such details are supported by affidavits executed by such Directors, certifying the authenticity of the information provided with respect to each such individual.

21. We may be subject to interest rate risk.

To the extent we incur floating rate indebtedness, changes in interest rates may increase our cost of borrowing, impacting our profitability and having an adverse effect on our ability to pay dividends to our shareholders. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. Interest rate increases could result in our interest expense exceeding the income from our property portfolio, which may result in operating losses for us. Additionally, if the interest rates for our borrowings in relation to our projects increase significantly, our cost of funds will increase which could adversely impact our results of operations, planned capital expenditures and cash flows.

22. Any payouts required to be made by us in terms of guarantees issued or to be issued by us on behalf of our Subsidiaries may have a material adverse effect on our cash flows, financial condition and results of operations.

We have provided or may provide guarantees in relation to repayment of debt obligations of our Subsidiaries. For details, see "*Financial Statements – Audited Consolidated Financial Statements as at and for the year ended March 31, 2018 - Note 32"* on page 195. We have received notices from lenders invoking certain guarantees and demanding repayment. We may be required to make pay-outs in terms of such guarantees, in the event of defaults by such Subsidiaries with respect to their payment obligations. Any pay-outs that we may be required to make in terms of the aforementioned guarantees may have a material adverse effect on our cash flows, financial condition and results of operations.

23. Any material adverse effect on our future earnings, financial condition, cash flows will affect our ability to pay dividends in future.

Our ability to pay dividends in the future will depend on the earnings, financial condition and capital requirements of the Company and that of our Subsidiaries and the dividends they distribute to us. Our business is capital intensive and we may plan to make additional capital expenditure to complete various EPC, infrastructure and real estate projects that we are developing. Our ability to pay dividends is also restricted under certain financing arrangements. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our projects, financial condition and results of operations.

24. We have entered into, and will continue to enter into, related party transactions.

We have entered into and may in the course of our business enter into transactions with related parties that include our Promoters and companies forming part of our Promoter Group. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our financial condition and results of operations.

25. Labour disputes could affect our operations.

Our operations depend upon the productivity of our labour force. While we generally have good relations with our employees, there can be no assurance that there will not be any major labour related dispute in the future. In the event of any labour dispute, our operations and results of operations could be adversely affected. For details of our employees, see "*Business – Employees*" on page 85.

In Switzerland, although our employees are not unionized, most of the employees of the subcontractors that we engage are unionized. As such, in the event of any labour dispute between the subcontractors and the employees or if the unions order its members to stop construction based on allegations of violations of employee rights or for other reason, construction work on our projects on which we have engaged such subcontractors may be stopped. Any such labour disputes or work stoppages as a result of such disputes or actions taken by labour unions could adversely affect our business operated by Steiner and in turn have a material and adverse effect on our business, results of operations, financial condition and prospects.

In addition, in view of the liquidity constraints faced by our Company, certain of our existing and former employees have not been paid their dues. As a result we may be exposed to litigation from such employees.

26. Inadequate health and safety precautions may affect us.

We are subject to health and safety laws and regulations as well as laws and regulations governing our relationship with our employees in areas such as minimum wages, maximum working hours, working conditions. In developing countries, such as India, the health and safety standards at construction sites may not be applied as stringently as in industrialized countries. Construction and real estate companies in India are however still subject to various health and safety laws and regulations as well as laws and regulations governing their relationship with their respective employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees, contract labour and work permits. Accidents and, in particular, fatalities may have an adverse impact on our reputation and may result in fines and/or investigations by public authorities as well as litigation from injured workers or their dependents.

27. In the event there are corrupt practices or improper conduct, it may delay the development of a project and materially and adversely affect our results of operations.

The construction and real estate industries are not immune to the risks of corrupt practices. Large construction projects in all parts of the world provide opportunities for corruption. Such corruption may include bribery, deliberate poor workmanship or the deliberate supply of low quality materials. If we, or any other person involved in any of the projects is the victim of or involved in any such corruption, our ability to complete the relevant projects as planned may be disrupted thereby materially and adversely affect our business, financial condition and results of operations.

28. Increased raw material costs may adversely affect our results of operations.

Our business is affected by the availability, cost and quality of the raw materials we need to construct and develop our projects. Our principal raw materials include steel and cement. The prices and supply of these and other raw materials depend on factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties. If, for any reason, our primary suppliers of raw materials curtail or discontinue their delivery of such materials to us in the quantities we need and at prices that are competitive, our ability to meet our material requirements for our projects could be impaired, construction schedules could be disrupted and our business could suffer.

29. The audit report in respect of our financial statements contain certain qualifications.

The audit report for our consolidated financial statements pertaining to Fiscal 2018 contains certain qualifications including:

a. As on March 31, 2018, our group's carrying value of net assets (capital employed) aggregating to ₹ 3,244.18 crore (including capital work in progress of ₹ 1,196.80 crore), goodwill on consolidation amounting to ₹ 95.04 crore and non-controlling interest amounting to ₹ 482.99 crore in LCL being considered good and recoverable by the management. However, LCL has accumulated losses and its consolidated net worth is fully eroded as on March 31, 2018. Further, LCL is facing liquidity constraints due to which it may not be able to realise projections made as per its business plans. In the absence of sufficient evidence, our Auditors were unable to comment upon the carrying value of these assets and the consequential impairment losses, if any, on the consolidated financial statements. This qualification also formed part of our Auditors opinion for Fiscal 2017.

b. The Company's internal financial controls in respect of supervisory and review controls over the process of determining of carrying value of the Subsidiaries' net assets (capital employed), goodwill and non-controlling assets of the Subsidiaries were not operating effectively. Absence of the aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of the aforesaid assets and consequently, also impact the loss (financial performance including other comprehensive income) after tax.

A qualified audit report from our Auditors may limit our ability to access certain types of financing, or may prevent us from obtaining financing no acceptable terms. There can be no assurance that our auditors will not qualify their opinion in the future.

30. Our management will have flexibility to utilize the Net Proceeds in relation to temporary investment of the Net Proceeds pending utilization towards Objects of the Issue and we cannot assure you that the temporary investment of the Net Proceeds will provide desired returns.

We intend to use the Net Proceeds for the purposes described in "*Objects of the Issue*" beginning on page 72. We currently intend to use the Net Proceeds towards funding the working capital requirements of our Company and the expenses to be incurred towards general corporate purposes. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our management might not apply the Net Proceeds in ways that increase the value of your investment.

Pursuant to the CDR arrangement, our Company has a Trust and Retention Account ("**TRA**") mechanism in place and pending utilization, the proceeds may be required to go into the TRA maintained with ICICI Bank Limited. Further, if the Net Proceeds are required to be deposited in the TRA, the lenders may use the Net Proceeds in terms of the TRA including for repayment of loans, working capital facilities and accordingly, the management may not be able to utilize the Net Proceeds in the manner disclosed in this Draft Letter of Offer.

31. Our Company will not distribute the Letter of Offer and CAF to overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Letter of Offer and CAF (the "**Offering Materials**") to the Eligible

Equity Shareholders who have provided an address in India for service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. However, as per Section 20 of the Companies Act, 2013, companies are required to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Offering Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. Whilst our Company has requested all the Eligible Equity Shareholders to provide an address in India for the purposes of distribution of Offering Materials, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with Section 20 of the Companies Act, 2013 and may subject our Company to fines or penalties.

32. In the past there have been instances of discrepancies in relation to certain statutory filings and corporate records of our Company.

There have been instances in the past where we have not made certain regulatory filings with the RoC such as in relation to appointment of certain of our directors. We cannot assure you that such filings will be made in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

33. We are required to appoint additional directors who are liable to retire by rotation.

In terms of the Companies Act, 2013, at least two-third of the total number of directors of a public company, excluding the independent directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. We have a total of 10 Directors on our Board, of which three directors are required to be designated as liable to retire by rotation, however, currently only one of our directors is liable to retire by rotation. Accordingly, our Board of Directors is currently not in compliance with this provision of the Companies Act, 2013. While we are in the process of identifying additional directors to meet this requirement, we cannot assure you that we will be able to appoint such additional directors in a timely manner or at all. Moreover, we may be subject to actions, if any, by the relevant authorities in this regard.

Risks relating to our engineering and construction, including Steiner, and infrastructure businesses

34. We are subject to various risks with respect to our engineering and construction business, including, without limitation, costs increase above estimates, changes in scope of work and cost overruns which may cause us to experience reduced profits or losses and in some cases, cancellation or deferrals of contracts.

The majority of our contracts are and will continue to comprise item rated contracts awarded following competitive bidding. We contract to provide services primarily on the basis of item rated contracts and/or lump sum turnkey projects per unit of work or a lump sum for the project as a whole and rarely on a cost-plus-fee basis. Under these types of contracts, increases in the costs of materials and labour are sometimes covered by suitable escalation clauses. In contracts that lack such a provision or in which the escalation clause is only limited, we bear all or a portion of the risks of any cost increase, and while we attempt to anticipate and account for any contingencies when determining our contract price, there is no assurance that we will be able to successfully secure contract prices that build in adequate amounts to cover any such contingencies. Contract prices are established in part on cost and scheduling estimates, which are based on a number of assumptions, including assumptions about future economic conditions, the price and availability of labour, equipment and materials and other relevant factors. If any of these estimates prove inaccurate or circumstances change, cost overruns may occur and we could experience reduced profits, or in some cases incur losses. In addition to the risk of cost overruns, under our lump sum contracts, we also bear the risk of any underestimation of the amount of work or the quantity of material required. Unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract. These inherent risks of the engineering and construction business may result in realized gross profits differing from those we originally estimated and reduced profitability or losses. Depending on the size of a project, these variations from estimated contract performance could have a material adverse effect on our operating results for any particular period.

In addition, our scope of work often changes during the life of the project or there may be deviations and delays from the original contract schedule as a result of a client's inability to meet contractual payment obligations, which is not unusual in the construction industry. We have a policy of accounting for the expenditure incurred in respect of such additional costs, deviations and delays in the year in which they are incurred, unless they are claimable as per the terms of the contract, which follows the percentage completion method, stated on the basis of physical measurement of work actually completed at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost until completion of the contract and the profit so determined has been accounted for proportionate to the percentage of the actual work done. We take into account any expected realizable amount of a claim based on management's best estimate when estimating total revenue from a project. Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration. Our management makes estimates, and assumptions regarding amount of income and expenses in accordance with Ind AS. Our profit may be materially and adversely affected if results deviate from such estimates. We cannot assure you that we will be able to recover the costs arising from change in scope of work caused by a project owner. This may lead to business disputes, and may materially and adversely affect our business, financial position, results of operations and prospects.

Any delay in the payment of these costs by clients may have an adverse effect on our working capital and profits. Further, claims relating to such additional costs, deviations or delays are accounted for as revenue in the year only when we receive an acceptance or evidence of acceptance from the client or an arbitration award in our favour. Often these awards or acceptances are subsequently challenged in the court or disputed and we do not reverse these revenues unless the courts have dismissed the award and we decide not to appeal or we determine that pursuing these claims would be uneconomical. In the event that such revenues are reversed, our profits may be materially and adversely affected.

Regardless of the type of project, our engineering and construction business is subject to unusual risks, including unforeseen conditions encountered during construction, the impact of inflation upon costs and financing requirements of clients, and changes in political and legal circumstances, particularly since contracts for major projects are performed over an extended period of time. We also provide performance guarantees in the form of bank guarantees in relation to our projects and other activities. In the event of non-performance of specified obligations, we may be liable to pay out significant amounts. Although we seek to minimize and spread our risks over a large number of projects, a combination of circumstances may result in significant losses on any particular project.

While we continue to focus on large and complex infrastructure construction projects, in order to realize greater added value from both upstream and downstream diversification in the construction process, we also undertake EPC projects. In EPC projects, we are also exposed to project performance risks and may face penalties in the event that the performance parameters of a project are not met.

We are involved in large projects where design, construction or systems failures can result in substantial injury or damage to third parties and we could face significant claims for damages if there are defects in the quality of our or our sub-contractors' design, construction engineering or planning.

35. Demand for our services is dependent on industry and general economic conditions.

Demand for our services is substantially dependent on general economic conditions and the financial markets. Economic downturns, delays in project execution, cost escalation, rise in interest rates and financing charges and our significant investment in real estate and BOT subsidiaries amidst a capital constrained environment and slowdown in construction sector may each have a material adverse impact on our business, financial condition and/or results of operation. Our business is also directly affected by changes in Central and/or State Government spending and capital expenditures by our customers. Some of the industries we serve are cyclical in nature and will continue to be vulnerable to general economic downturns. Any change or downturn that leads to decreased spending on construction projects could materially and adversely affect our business and our results of operations may vary depending upon the demand for future construction projects.

36. Our revenues are highly dependent upon Central and State Governments and public sector undertakings.

We rely heavily upon the Central and State Governments and public sector undertakings ("**PSUs**") wherein central and/or state governments hold a majority stake to appoint us on large-scale infrastructure projects in India. PSUs are controlled by the Government appointees and extraneous considerations may be involved while awarding projects. Additionally, many of our projects are Government sponsored projects and these are often subject to delay. Such delays may arise on account of a change in the central and/or state governments, changes in policies impacting the public at large, scaling back of government policies or initiatives, changes in governmental or external budgetary allocation, or insufficiency of funds, any of which can materially and adversely affect our business, financial condition and results of operations.

Further, infrastructure contracts awarded by the Central and/or State Governments may provide the client with the right to terminate the contract for convenience, without any reason, at any time after providing us with notice that may vary from 30 to 90 days. Performance guarantees and guarantees for advances are also common and are typically unconditional and payable on demand, and can be invoked by the client without reason. Since the majority of our projects are contracts with the Central and State Governments or its agencies, we are susceptible to such termination or invocation. In the event that a contract is so terminated or invoked without cause, our revenues will be adversely affected.

In addition, since a significant proportion of our revenues are derived from a limited number of customers, we are heavily reliant upon the ability of a relatively small number of customers to pay amounts due to us for services provided. If such customers experience financial or political difficulties or decrease their requests for our services for other reasons, we may in turn experience material fluctuations or declines in our revenues and/or losses. A failure to pay amounts due by a number of our customers at any one time could significantly and adversely affect our cash flows and operations.

37. The failure of a joint venture partner to perform its obligations could impose additional financial and performance obligations resulting in reduced profits or, in some cases, significant losses from the joint venture.

We enter into various joint ventures with domestic as well as international construction companies as part of our business. The success of these joint ventures depends significantly on the satisfactory performance by our joint venture partners and fulfilment of their obligations. If our joint venture partners fail to perform these obligations satisfactorily, the joint venture may be unable to perform adequately or deliver its contracted services. In this case we may be required to make additional investments and/or provide additional services to ensure the adequate performance and delivery of the contracted services because we are subject to joint and several liabilities as a member of the joint venture in most of our projects. These additional obligations could result in reduced profits or, in some cases, significant losses for us. The inability of a joint venture partner to continue with a project due to financial or legal difficulties could mean that we would bear increased and possibly sole responsibility for the completion of the project and bear a correspondingly greater share of the financial risk of the project.

38. Delays in the completion of current and future projects could materially and adversely impact our results of operations and financial condition.

We provide performance guarantees to our customers which require us to complete projects within a specified timeframe. As a result, we are exposed to project performance risks and may face penalties in the event that the performance parameters of a project are not met. If we fail to complete a project as scheduled, we may generally be held liable for penalties in the form of agreed liquidated damages, which would ordinarily range between 5% to 10% of the total project cost or, in some cases, the customer may be entitled to appoint, at our expense, a third party to complete the work. To the extent that this happens and is not otherwise covered by the escalations clause in the relevant contracts, the total cost of a project would exceed our original estimates and we could experience reduced profits or, in some cases, a loss on that project. In addition, any delays in the completion of projects could increase our working capital requirements. For example, the Rajiv Gandhi Sea Link was delayed for several years for several reasons including outstanding litigation, delay in handing over of the working area by the Government, change in scope of work, increase in cost of basic materials and others. Similarly, the completion of the Uri HEP, Kashang HEP, Lucknow Road projects and several other projects were delayed due to non-availability of designs and drawings on a timely basis, bad geology, adverse climatic conditions, natural calamities, non-availability of work place. Although we have filed claims against the clients to compensate for the costs, most of these claims are either in arbitration or where we have received an arbitral award in our favour, are being challenged by the clients in various courts. Any adverse ruling on any of these claims could have a material and adverse impact on our business, results of operation and financial position.

39. Our aggregate Order Book for our engineering and construction segment may be subject to unexpected adjustments and cancellations and is, therefore, an uncertain indicator of our future earnings.

We maintain our Order Book for our engineering and construction segment and for Steiner. Our Order Book as of June 30, 2018 was ₹ 27,716 crore on a consolidated basis (including Steiner), which comprises the balance value of work to be executed in respect of our existing contracts. Our Order Book is unaudited and we cannot guarantee that the revenues anticipated in our order book will be realized or, if realized, will be realized on time or result in profits. If we were to deviate from the expected margins or suffer losses on one or more of these contracts, our net income could decrease or we could incur a loss. For example, the Order Book includes the Pranahita Chelvella Lift Irrigation project of ₹ 461 crore which is subject to land acquisition. While we were awarded the Pranahita Chelvella Lift Irrigation project in 2008, a subsequent survey of the original alignment of barrage across the boundary between Maharashtra and Andhra Pradesh revealed the possible submergence of a wildlife sanctuary. As a result, our client instructed us to investigate alternative alignments. Of the three alternative alignments we submitted, only one has been accepted by both the governments of Maharashtra and Andhra Pradesh. Further geotechnical investigations to confirm the suitability of the barrage is on hold due to land acquisition related resistance from villagers in Maharashtra.

Contracts may remain in our Order Book for an extended period of time. In addition, contract delays or cancellations or adjustment to the scope of work may occur from time to time due to a client's default, incidents of force majeure, legal impediments or our default and may impact contracts reflected in our order book. For example, contracts could be removed from our Order Book as a result of financing difficulties or payment default by a client. This reduction in our Order Book could adversely affect the revenue and profit we actually receive.

40. We are exposed to certain risks in relation to the execution and operation of road projects on BOT basis.

Historically, the bulk of infrastructure projects in India have been item rate contracts. In the past few years, the Government started the process of developing infrastructure projects, including BOT projects, through public-private partnerships ("**PPP**"). These projects are executed through special purpose vehicles and we account for construction revenue from our BOT projects based on the EPC contracts entered into between us and the respective SPV. Although we selectively bid for BOT projects in order to realize greater added value on construction projects and returns from BOT projects over their concession periods and in making such bids and aim to apply best industry practices in our analysis and forecasts, such contracts involve different business risks through the concession period of the projects, including financing risk, execution risk, revenue risk, operational risk and market risk with such projects. For instance, the execution of the project may get delayed on account of land acquisition or other clearance issues which are dependent on the governmental authority, which would materially affect the economics of the project and lead to an increase in costs. In addition, our analysis of the revenue generation from a BOT project is dependent on traffic growth estimates, which in turn depends on the economic growth of the region and the country and we cannot assure you that actual growth rates do not deviate from the assumptions underlying our estimate. In making such bids, our analysis of revenue generation may not be accurate and in the event that the actual revenues generated do not match the assumptions made when bidding for a project, we may not be able to fully recover our costs or generate a profit from the project. In addition, we face financing challenges for the projects, which are dependent on market situations. For each project, we generally have a concession to operate the asset for the concession life which varies from 20 to 30 years, during which there will be various operational risks in connection with the operations of roads. As of June 30, 2018, we are involved in two operational BOT projects, both of which are road projects undertaken on a toll basis. In addition, there are 3 other BOT projects in connection with which our Company is pursuing arbitration claims.

41. We are dependent on the NHAI for all our concession agreements in respect of BOT and concession periods of our BOT road projects may be reduced.

All of our concession agreements in respect of our BOT work have been granted by the NHAI. Moreover, our concession agreements in respect of BOT road projects are subject to certain conditions which could result in a reduction of the concession period. Both of our BOT road projects in our portfolio as of June 30, 2018 are toll-based projects. For each of the toll-based projects, the concession agreement executed with NHAI provides that if the actual traffic (as defined in the concession agreement) exceeds the target traffic on the target date (as defined in the concession agreement), then for every 1% excess traffic compared to target traffic, the concession period shall be reduced by 0.75% of the original concession period (which varies from 20 to 30 years for different projects), subject to a maximum reduction of 10%. However, in any such case, NHAI is required to waive the reduction requirement if we choose to pay a premium of 25% of the fee collected by way of toll. Additionally, if the average daily traffic on the project highway exceeds the designed capacity as defined in the concession agreement we will be given an opportunity to create capacity augmentation, which if we choose to do will get us an extension in the concession period. However, in case of any disagreement the concession agreement may be terminated by NHAI before the expiry of the original concession period. This could materially and adversely affect our results of operations. Moreover, there may be changes to our scope of work under the concession agreement as a result of various factors, including the occurrence of force majeure events. If such reduction in scope results in reduction in tollable length or removal of tollable structure it may have an adverse effect on our financial condition.

42. The execution of our EPC contracts is dependent on the contracting party obtaining various environmental, legal and other local clearances and approvals from various Government bodies, and any failure or delay on the part of such party in obtaining these clearances and approvals will adversely affect our business and operations.

The majority of our EPC projects in the infrastructure sector in India are being implemented by special purpose vehicles ("**SPVs**") which have been awarded the licence(s) by various Government bodies to build and operate these projects. As part of their obligations under the licence(s), these SPVs are required to obtain various clearances and approvals pertaining to environmental laws, labour laws and other clearances from local governing bodies for undertaking construction activities. Some of these clearances and approvals may be required to be obtained before commencement of the construction of the relevant project, i.e., before we can commence work under the EPC contract we have been awarded. Any failure or delay in obtaining such clearances and approvals will result in a delay in the execution of our contracts and will adversely affect our business, financial condition, results of operations, cash flows and prospects.

43. We are required to maintain the roads under each of our road project concession agreements and if we fail to maintain them to the standard required by the NHAI, we may be subject to sanctions, including penalty deductions and termination of the relevant concession, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Each of the concession agreements for our road projects requires us to maintain the road under certain standards prescribed by the NHAI. NHAI may ask us to carry out tests through one or more engineering firms to assess the quality of roads and their maintenance. For toll road projects, if the NHAI determines that we have failed to carry out our road maintenance obligations to the standards set forth in the relevant concession agreements, the NHAI may impose penalties and in certain cases even issue notices and provide cure periods. If we fail to meet the NHAI's road maintenance requirements during any cure period provided, our concession agreement for the toll road may be terminated by the NHAI, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

44. We rely on third parties, including principal contractors and sub-contractors, to complete certain projects and any failure arising from the non-performance, late performance or poor performance by such third parties, failure by a third-party subcontractor to comply with applicable laws, to obtain the necessary approvals, or provide services as agreed in the contract or failure on our part to engage third party consultants and service providers could affect the completion of our contracts and could negatively impact our business and may result in fines, penalties or even delay and suspension of work/contract.

We are commonly engaged as a sub-contractor and we typically also sub-contract work on almost all of our projects. When we are a sub-contractor, payment on such projects may depend upon the performance of the principal contractor and when we sub-contract, payments may depend on the sub-contractor's performance. When we are the principal contractor, we rely on third-party subcontractors we hire to perform a substantial amount of the work under our contracts, particularly engineering and construction contracts. We also rely on third-party equipment manufacturers or suppliers to provide the equipment and materials used for engineering and construction projects. For our total contracting services in Switzerland, Steiner subcontracts all works on site (except for project management) to specialized subcontractors.

The engagement of subcontractors is subject to certain risks, including difficulties in overseeing the performance of such subcontractors in a direct and effective manner, failure to complete a project where we are unable to hire suitable subcontractors, or losses as a result of unexpected subcontracting cost overrun. As the subcontractors have no direct contractual relationship with our clients, we are subject to risks associated with non-performance, late performance or poor performance by our subcontractors. As a result, we may experience deterioration in the quality of our projects, incur additional costs, or be exposed to liability in relation to the performance of subcontractors under the relevant contracts, which may have an impact on our profitability, financial performance and reputation, and may result in litigation or damages claims.

In addition, we may also be subject to claims arising from defective work performed by subcontractors. While we may attempt to seek compensation from the relevant subcontractors, who may not be able to perform or perform in a timely manner their obligations, we may be required to compensate our clients before receiving compensation from the subcontractors. If no corresponding claim can be asserted against a subcontractor, or the amounts of the claim cannot be recovered in full or at all from the subcontractor, we may be required to bear some or all the costs of the claims, in which case our business, financial position, results of operations and prospects could be materially and adversely affected.

In addition, when we sub-contract, we may be liable to the client due to failure on the part of a sub-contractor to maintain the required performance standards or insufficiency of a sub-contractor’s performance guarantees. Any failure arising from the non-performance, late performance or poor performance by such third parties, failure by a third-party subcontractor to comply with applicable laws, rules or regulations, to obtain the necessary approvals, or provide services as agreed in the contract or failure on our part to engage third party consultants and service providers could affect the completion of our contracts and could negatively impact our business and may result in fines, penalties or even delay and suspension of work and/or contracts.

In addition, we may not be able to hire qualified subcontractors. For our business operated by Steiner in particular, we are dependent on a few subcontractors as there are relatively few subcontractors in the market and low competition among the subcontractors. If we are unable to hire qualified subcontractors or find competent equipment manufacturers or suppliers, our ability to successfully complete a project could be impaired. If the amount we are required to pay for subcontractors or equipment and supplies exceeds what we have estimated, especially in a fixed-price or lump-sum type contract, we may suffer losses on these contracts. If a supplier, manufacturer or subcontractor fails to provide supplies, equipment or services as required under a negotiated contract for any reason or if a subcontractor engaged by us has misrepresented its qualification or eligibility to undertake a specific project, we may be required to source these supplies, equipment or services or a replacement for such sub-contractor (as the case may be) on a delayed basis or at a higher cost than anticipated, which could impact contract profitability. Any such misrepresentation by a subcontractor as to its qualification or eligibility may also affect our ability to successfully complete a project and thereby harm our reputation. The risk of failure by a supplier, manufacturer or subcontractor to provide supplies, equipment or services may intensify during an economic downturn if our suppliers, manufacturers or subcontractors experience financial difficulties or find it difficult to obtain sufficient financing to fund their operations or access to bonding, and are not able to provide the services or supplies necessary for our business.

45. Claims under the Land Acquisition Act, 1894 and the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 may adversely impact us.

We handle various types of major and minor road, hydroelectric and other infrastructure projects. All of our contracts with the Central and/or State Governments expressly provide that the responsibility for obtaining the right of way for the roads under a project lies with the Central and/or State Government. While the Central and/or State Governments may obtain land clearances on which these projects are implemented, we may not have copies of supporting documentation for the land acquisition. In the event that the affected landowners seek to bring claims objecting to the acquisition of their land for a particular road, it is possible that the landowners may also make claims against us or join us as parties to these proceedings. In case of such claims, while we believe we would not be liable to pay any compensation (as right of way is to be provided by the client), we face a risk of delay in project implementation or other intangible losses such as loss of reputation or distraction of management time.

46. If we do not effectively manage our foreign operations, these operations may incur losses or otherwise adversely affect our business and results of operations.

We operate in countries outside India, such as Switzerland and Bhutan and plan to continue to expand our international operations in the future. For Fiscal 2018, 2017 and 2016, our revenue generated from overseas markets accounted for approximately 54.24%, 57.88% and 51.73%, respectively, on a consolidated basis, in each case predominantly from our Subsidiary, Steiner AG. We face a number of risks as a result of international operations, including fluctuations in currency exchange rates, inflation in markets in which we procure labour and materials locally, increased litigation risk in litigious jurisdictions that our business has expanded into or will expand into, inability to obtain, maintain or enforce our contractual and intellectual property rights. Because of our limited experience in operating outside India, we are subject to additional risks related to our international expansion strategy, including risks related to complying with a wide variety of national and local laws, restrictions on the import and export of certain intermediates, technologies and multiple and possibly overlapping tax structures. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. If we do not effectively manage our foreign operations, our business and results of operations may be adversely affected.

47. Costs associated with warranty, recall and liability due to defects in our projects or related after sales services and any attendant adverse publicity, could adversely affect our business, projects, results of operations and financial condition.

Defects, if any, in our projects could require us to undertake service and repair actions. Moreover, in Switzerland, we provide warranties on our work ranging from two years to five years and sometimes, based on the contract, are required to provide a warranty of up to 10 years. These warranties require us to cover any defects after the handover of the property to the customer after completion of a project. We are also required to provide performance bonds which provide that we are responsible for the completion of a project should a subcontractor fail to do so or become insolvent as well as warranty bonds covering our warranties obligations after completion of a project. These actions could require us to spend considerable resources in correcting the problems and could adversely affect demand for our design and construction operations services. A failure to meet quality standards could expose us to the risk of liability claims during the project execution period when our obligations are typically secured by performance guarantees, which typically range from 5% to 10% of the contract price, and during the defects liability period, which typically runs for 12 months to 24 months, but quite often up to 5 years and in some instances even 10 years, from the date of handover. Any defects in our work could also result in customer claims for damages. Moreover, defects in our projects that arise from defective components supplied by external suppliers may or may not be covered under warranties provided by such suppliers. An unusual number or amount of warranty claims against a supplier could adversely affect us because we depend on a limited number of suppliers for the supply of raw materials and components. In defending claims for damages from customers, we could incur substantial costs and adverse publicity also be generated. Management resources could be diverted away towards defending such claims. In the event that the defects are not rectified to the satisfaction of our customers, the customers may decide not to pay part or all of the fees under the contract, make substitute performance at our cost and/or invoke the performance or warranty bonds. Any of the above could have a material adverse impact on our business, results of operations, financial condition and prospects.

48. Our profitability may be adversely affected if we cannot continue to use, license or enforce the technology and other intellectual property rights on which our business depend.

Our intellectual property and technology offerings are important to our businesses. We rely upon intellectual property laws, including trademark, copyright and patent laws, as well as confidentiality procedures and contractual provisions included in agreements with our employees, clients, suppliers and other parties, to establish and maintain intellectual property rights in the technology and services we sell, provide or otherwise use in our operations. However, any of our technology and intellectual property rights or technology and intellectual property licensed to us could be challenged, invalidated or circumvented, or such technology intellectual property rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages. The laws of India do not protect proprietary rights to the same extent as those of more developed countries. Enforcement of such laws in India may be weak and resolution of intellectual property disputes may be time consuming and ineffective.

Further, under the governing documents or agreements with some of our joint venture partners, any intellectual property rights upon any products or processes developed by the joint venture will vest with the relevant joint venture. Accordingly, in the event that a joint venture is not successful, we would not retain any intellectual property over products or processes developed by the joint venture. We also face the risk of discontinuity of our business lines operated through our joint ventures in the event that such joint venture is not successful.

Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information. The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenue and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be expensive and divert our attention and resources from operating the Company. Because of the rapid pace of technological change in our industry, our technology and service offerings rely on key technologies developed by us or licensed from third parties. We may not be able to develop or continue to avail of licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our intellectual property.

49. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.

Our business is subject to rapid and significant changes in technology. Although we strive to keep our technology in accordance with the latest international technological standards, the technologies currently employed may become obsolete or subject to competition from new technologies in the future. The cost of implementing new technologies or expanding capacity could be significant and could adversely affect our results of operations.

50. We face inclement weather and natural disasters and risk that may cause significant interruption of operations.

Procurement and construction works carried out in respect of our projects involve a number of hazards including earthquakes, flooding, tsunamis and landslides. While we insure against loss due to the occurrence of accidents in the conduct of our business, there can be no assurance that all risks are adequately insured against, that a particular claim will be paid or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future.

51. Our construction business may be affected by difficult work sites and environments, which could cause delays and result in additional costs.

We perform work under a variety of conditions, including, but not limited to, difficult and hard to reach terrain and site conditions. Performing work under such conditions can result in project delays or cancellations, potentially causing us to incur additional, unanticipated costs, reductions in revenues or the payment of liquidated damages. Some of our projects involve challenging engineering, procurement and construction phases that may occur over extended time periods, sometimes over several years. We may encounter difficulties in engineering, delays in designs or materials provided by the customer or a third party, equipment and material delivery delays, schedule changes, delays from customer failure to timely obtain rights of way, weather-related delays and other factors, some of which are beyond our control, but which impact our ability to complete a project within the original delivery schedule. In some cases, delays and additional costs may be substantial and we may be required to cancel a project and/or compensate the customer for the delay. We may not be able to recover any of such costs. Any such delays or cancellations, defects or errors or other failures to meet customer expectations could result in damages claims substantially in excess of the revenue associated with a project. Delays or cancellations could also negatively impact our reputation or relationships with our customers, which could adversely affect our ability to secure new contracts.

52. Our revenue and earnings are dependent on the acceptance of bids and award of new contracts by the Central and State Governments and governmental agencies.

A portion of our revenues depend on the acceptance of bids submitted to the Government and other agencies. We may not be selected for any of the projects for which we have submitted a bid and we may end up incurring significant costs in preparation and submission of such bid. Once accepted, our revenues are subsequently dependent on large-scale project awards that we get from time to time. The timing of when project awards will be made is unpredictable and outside of our control. We operate in competitive markets where it is difficult to predict whether and when we will receive awards since these awards and projects often involve complex and lengthy negotiations and bidding processes. These processes can be impacted by a variety of factors including governmental approvals, financing contingencies, commodity prices, environmental conditions and overall market and economic conditions. In addition, during an economic downturn, many of our competitors may be more inclined to take greater or unusual risks or terms and conditions in a contract that we might not deem as standard market practice or acceptable. As a result, we are subject to the risk of losing new awards to competitors. Because a portion of our revenue is generated from large projects, our results of operations can fluctuate from quarter to quarter and year to year depending on whether and when project awards occur and the commencement and progress of work under awarded contracts. Hence, there is a risk that revenue may not be derived from awarded projects as quickly as anticipated. Further, any cancellation or suspension of an order by a customer may also affect our revenue and financial condition. Moreover, any termination of a contract on account of a breach by us may also have an adverse effect on our brand value and credibility which may impact our ability to bid for and be awarded future contracts and may also result in us being blacklisted by certain of our clients and being prohibited from bidding for future contracts.

53. We maintain a workforce based upon current and anticipated workloads. If we do not receive future contract awards or if these awards are delayed, we could incur significant costs.

Our estimates of future performance depend on, among other things, whether and when we will receive certain new contract awards. While our estimates are based upon our best judgment, these estimates are dynamic and may therefore be unreliable and may frequently change based upon newly available information. In the case of large-scale projects where timing is often uncertain, it is particularly difficult to predict whether or when we will receive a contract award. The uncertainty of contract awards and timing can present difficulties in matching workforce size with contract needs. If an expected contract award is delayed or not received, we could incur costs due to maintaining under-utilized staff and facilities that would have a material adverse effect on our results of operations and financial condition.

54. We may experience delays and/or defaults in our receivables, or delay in the release of bidding guarantees, prepayment guarantees or retention monies which could have a material adverse effect on our results of operations and financial condition.

Most of our engineering and construction contracts require us to commit a certain amount of cash and other resources to projects prior to receiving any advances, progress or other payments from the clients in amounts sufficient to cover expenditures on projects as they are incurred as a result of providing bidding guarantees, prepayments guarantees, performance guarantees and retention monies arrangements under such contracts. Delays in client payments may require us to make a working capital investment. If a client defaults in making its payments on a project on which we have devoted significant resources or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our results of operations and financial condition.

55. Our new projects require a long gestation period and substantial capital outlay before any benefits or returns on investments are realized.

Due to the nature of our business, our projects typically require a long gestation period and substantial capital outlay before completion and may take months or years before positive cash flows can be generated, if at all. The time and costs required in completing a project may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Further, we provide performance guarantees to our customers. For failure to complete a project as scheduled, we may be held liable for penalties in the form of liquidated damages, which have historically ranged between 5% to 10% of the total project cost but could be higher in the future and, in some cases, the customer may be entitled to appoint, at our expense, a third party to complete the work. As part of our growth strategy, we may seek to acquire technologies and products, but we may fail to complete such acquisitions or realize the anticipated benefits of such acquisitions and may incur costs that could negatively affect our business. In addition, failure to complete a project according to its original specifications or schedule, if at all, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected. Any of these factors may lead to delays in, or prevent the completion of our projects and result in costs substantially exceeding those originally budgeted for.

56. Our projects are subject to construction, financing and operational risks.

The development and construction of new projects involves various risks, including, among others, regulatory risk, construction risk, financing risk and the risk that these projects may prove to be unprofitable. We may need to undergo certain changes to our operations as a result of entering into these new projects. Entering into any new projects may pose significant challenges to our management, administrative, financial and operational resources. We cannot provide any assurance that we will succeed in any new projects we may enter into or that we will recover our investments. If the funding requirements and project costs for these projects are higher than as estimated, we will need to find sources to fund the extra costs which may not be readily available. Any failure in the development, construction, financing or operation of any of our significant new projects will likely materially and adversely affect our business, prospects, financial condition and results of operations.

We may be adversely affected by investment in the development of our ongoing and other new projects because, among others:

- the contractors hired by us may not be able to complete the construction of projects on time, within budget or to the specifications and standards set out in our contracts with them;

- delays in completion and commercial operation could increase the financing costs, including due to increase in prices of raw materials, associated with the construction and cause our forecasted budget to be exceeded;

- we may not be able to obtain adequate working capital or other financing to complete construction of and to commence operations of our projects; and

- we may not be able to recover the amounts we may have invested in our projects if the assumptions contained in the feasibility studies for these projects do not materialize.

For certain projects that have been awarded to us, we have yet to enter into implementation/other definitive agreements in relation to such projects. We cannot provide any assurance that definitive agreements will be entered into and/ or successfully implemented.

57. Execution of our large-scale integrated projects poses risks.

There are various risks associated with the execution of large-scale integrated projects. Larger contracts may represent a larger part of our portfolio, increasing the potential volatility of our results and exposure to individual contract risks. Managing large-scale integrated projects may also increase the potential relative size of cost overruns and negatively affect our operating margins to a greater degree. Large-scale integrated projects may cause us to assume portions of the project with potentially lower percentage margins. This is particularly so because they attract larger competitors and often more intense competition. The 10 largest contracts for our Company's engineering and construction business represented 53.94% of our Company's revenues for the year ended March 31, 2018, on a standalone basis. If we do not achieve our expected margins or suffer losses on one or more of these large contracts, this could reduce our net income to a greater degree or cause us to incur a loss.

58. Unanticipated cost escalation of materials, fuel costs, labour and other inputs and purchase price of equipment may adversely affect our results of operations.

Costs of materials, labour and other inputs constitute a significant part of our operating expenses. Our construction operations require various bulk construction materials including steel, cement, bitumen and fly ash, among others. In certain of our contracts, we are required to procure various equipment including process equipment, mechanical equipment, vessels, machinery, piping materials and electrical and instrumentation components, and the prescribed cost escalation formula may not be adequate to cover the entire cost increase. Unanticipated increases in the purchase price of equipment not taken into account in our bids may adversely affect our results of operations.

Contracts, irrespective of their type (*i.e.*, lump sum, item rate or design and build), typically contain price variation or escalation clauses that provide for either reimbursement by the client in the event of a variation in the prices of key raw materials (for example, steel and cement) or a formula that splits the contract into pre-defined components for materials, labour and fuel and links the escalation in amounts payable by the client to predefined price indices published periodically by the RBI or the Government. Claims for contract valuation are often subject to lengthy arbitration or litigation proceedings. Under such circumstances, we may have to use significant additional working capital to ensure successful execution of such projects. Further, we may also face counterclaims initiated against us by certain clients in connection with our project claims. If we are held liable for any of these counterclaims, we will incur write-downs and charges against our earnings to an extent that a reserve may not be established. Even if we do not lose such counterclaims we may not be successful in our claim for contract valuation. Some contracts do not include such price variation or escalation clauses. In such instances, we face the risk that the price of key raw materials and other inputs will increase during the project execution period and we may be unable to pass on such cost increases to the client.

59. Our operations and our work force are exposed to various hazards and we are exposed to risks arising from construction related activities that could result in material liabilities, increased expenses and diminished revenues and have a material adverse impact on our business, financial condition, results of operations and prospects.

Our construction contracting business involves inherent industrial risks and occupational hazards and are subject to hazards inherent in providing architectural and construction services, such as risk of equipment failure. Such inherent industrial risks and occupational hazards may not be eliminated through implementing safety measures. We participate in certain activities presenting risks and dangers, among which are underground excavation and construction, tunnelling projects and the use of heavy machinery. Thus we are exposed to risks related to such activities, such as systems and equipment failure, industrial accidents, fire, explosion, impact from falling objects, collision, work accidents, underground water leakages, and geological hazards such as such as storm, hurricane, lightning, flood, landslide and earthquake and other hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. We cannot ensure that such risks will not cause a material and adverse impact to us in the future. The materialization of any of the risks mentioned above in the worst case scenario may disrupt our business and damage our reputation, which may also affect the validity of our relevant qualifications, business operations and results of operations.

Our safety record is critical to our reputation. Many of our clients require that we meet certain safety criteria to be eligible to bid for contracts. As a result, any failure by us in the future to maintain adequate safety standards could result in reduced profitability or the loss of projects or clients, and could have a material adverse impact on our business, financial condition, and results of operations. If we fail to implement such procedures or if the procedures we implement are ineffective, our employees and others may get injured. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a project to our clients, and raise our operating costs. Although we have not experienced any major incident of this nature in the past, any such adverse incident in the future could result in financial losses, which could have a material adverse impact on our business, financial condition, and results of operations.

In addition, our projects can involve the handling of hazardous and other regulated materials, which, if improperly handled or disposed of, could subject us to civil and criminal liabilities. We are also subject to regulations dealing with occupational health and safety and the failure to comply with such regulations could subject us to liability.

We may also assume related liabilities arising from a client's or third party's use of facilities contracted or designed by us. We aim to mitigate the risks of potential claims involved in our business by inserting terms on the limitations of liabilities, indemnities from clients, contractors and suppliers and insurance. Due to a number of factors beyond our control, however, these measures may not provide sufficient coverage for us, including:

- we may be held strictly liable for environmental and employee injury liabilities as a matter of law and such liabilities may not be limited through contracts;

- our clients, subcontractors or suppliers may not have adequate financial resources to satisfy their indemnity obligations to us;

- losses may arise from risks not covered in indemnity agreements; and

- our insurance coverage may not be sufficient, and it may not be possible to obtain adequate insurance (or any insurance at all) to cover certain risks on commercially reasonable terms, such as change in financial policies.

To the extent we are not adequately covered by third party guarantee or indemnity, we may incur substantial obligations arising from the client's or third party's use of facilities designed or constructed by us.

<u>Risks relating to Lavasa Corporation Limited</u>

60. LCL is party to several litigation and regulatory proceedings

LCL is party to several litigation and regulatory proceedings including the following.

- Pursuant to a show cause notice dated November 25, 2010 issued by the Ministry of Environment and Forests, Government of India (the "**MoEF**") issued to LCL, alleging violations of the EIA Notifications and directing it to maintain *status quo* on all construction and development activity in Lavasa. Subsequently, on January 17, 2011, the MoEF passed an order against LCL, observing that it was in violation of Environmental Impact Assessment Notifications, but noting that they were prepared to consider the Lavasa project on merits subject to terms and conditions including imposition of penalties. LCL challenged the show cause notice and the order before the Bombay High Court through two separate writ petitions and both matters are currently pending. For details, see "*Outstanding Litigation and Defaults*" on page 247.

- On November 9, 2011, LCL received the environmental clearance (the "**EC Approval**") from the MoEF for the development construction of the first phase of the hill station township for 2,048 hectares, subject to certain conditions. The EC Approval further states that the MoEF reserves the right to add additional safeguard majors and, if necessary, can revoke the EC Approval in case of non-compliance of any of the conditions under the applicable environmental laws. LCL is subject to strict compliance of the terms and conditions as stipulated in the EC Approval. LCL is required to file a compliance report every six months with MoEF demonstrating compliance with the stipulated conditions in the EC Approval. For further details see "*Outstanding Litigation and Defaults*" on page 247. LCL has filed an appeal before the National Green Tribunal, New Delhi ("**NGT**") against some of the conditions imposed on LCL under the EC Approval and have sought a dispensation from compliance of these conditions, which appeal remains pending as of the date of this Draft Letter of Offer and we cannot ensure you that LCL will be successful in the appeal.

- There is an appeal pending before the NGT against LCL, MoEF and the Member Secretary, Maharashtra Pollution Control Board ("**MPCB**") against the grant of the EC Approval and praying for, among others, quash of the EC approval and damages from LCL. The appellant has, *inter-alia,* contended that the grant of the ex-post facto EC Approval by the MoEF on the basis that we had incurred significant expenditure and that the project had generated employment was invalid and was not contemplated under either the Environment (Protection) Act, 1986 or the Environment Impact Assessment Notification, 1994, as amended in 2004 and superseded by the Environment Impact Assessment Notification, 2006. For further details see "*Outstanding Litigation and*

Defaults" on page 247.

- LCL had applied for environmental clearance to the State Level Environment Impact Assessment Authority ("**SEIAA**") and the SEIAA granted approval for a portion of the land for which approval was sought. Subsequently, LCL applied to the State Expert Appraisal Committee, Environment Department, Government of Maharashtra for environmental clearance for additional area which remains pending as of the date of this Draft Letter of Offer. LCL may not receive the pending environmental clearance in a timely manner or at all which may have a material adverse effect on our business, results of our operation, financial condition and prospects.

- A PIL has been filed before the Bombay High Court against LCL, the Union of India through the MoEF, and others. The petitioners have alleged that the Government of Maharashtra does not have the statutory power to grant the environmental clearance to LCL and that this power can be exercised by the MoEF after following the prescribed procedure. The petitioners have sought that construction of the hill station project be halted and construction be demolished and we be directed to restore the environment as prior to the project. For further details see "*Outstanding Litigation and Defaults*" on page 247.

- A PIL has also been filed before the Bombay High Court against the State of Maharashtra, the Collector, Pune and LCL among others wherein it has been alleged that LCL has purchased more than 10,000 acres of land in violation of Sections 9 and 10 of the Maharashtra Agricultural (Ceiling on Holdings) Act, 1961 (the "**Ceiling Act**"). Section 9, together with Section 10, of the Ceiling Act states that any land purchased in excess of the ceiling area shall be forfeited and shall vest in the State Government. The PIL has sought an injunction restraining LCL from developing the land and creating any third party interest in the land. While no interim orders have been passed, the matter is currently pending. For further details see "*Outstanding Litigation and Defaults*" on page 247.

- Proceedings have been initiated against certain former directors of LCL, who are currently Directors on the Board of Directors of our Company.

- Certain customers of LCL have filed cases against LCL.

- HREL, LCL and certain other subsidiaries have received notices from lenders to repay borrowed amounts in their capacity as a borrower or a guarantor. Insolvency proceedings may also be initiated or admitted against such entities.

For details of certain other litigation, see "*Outstanding Litigation and Defaults*" beginning on page 247. While the NCLT has declared a moratorium pursuant to an order dated August 30, 2018, it is unclear how this may affect the above or other proceedings against LCL.

61. We and certain of our Subsidiaries have provided corporate guarantees to the lenders of LCL in respect of the Lavasa project.

We and certain other shareholders of LCL have provided corporate guarantees to the lenders of LCL in respect of Lavasa project (including any future loans that are made available to LCL by the lenders) in proportion to their respective shareholdings in LCL. Their liability under the corporate guarantees is dependent on the amount drawn down by LCL under the loan facility. As of March 31, 2018, our liability under our corporate guarantee and put option towards LCL was ₹ 376.58 crore and ₹ 709.82 crore, respectively. In the event that LCL fails to meet its payment obligations under the loans, for whatever reasons, we will be required to make such payments on demand and this may have an adverse effect on our cash flows, financial condition and results of operations. Moreover, where such demands have been made and we have not been able to make the requisite payments, we may be exposed to litigation by the lenders in this regard, including under the IBC, and this may have an adverse effect on our business, cash flows, financial condition and results of operations.

Further, as of March 31, 2018, the liability of HREL under corporate guarantees towards the lenders of LCL and WAML was ₹ 30.78 crore and ₹ 35.14 crore, respectively. As of March 31, 2018, the liability of HREL under put option to LCL CCPS holders was ₹ 525 crore. Additionally, HREL and us have extended inter corporate deposits to LCL amounting to ₹ 184.85 crore and ₹ 152.56 crore, respectively. In the event LCL or WAML fail to meet their payment obligations under their financing documents, HREL will be required to make such payments on demand, which would have an adverse effect on our cash flows, financial position and results of operations.

As on March 31, 2018, the total financial liabilities towards various lenders of the subsidiaries and associates of LCL was ₹ 2,237.35 crore, for which LCL provided corporate guarantees. As of March 31, 2018, the outstanding liabilities under such corporate guarantees amount to ₹ 2,237.35 crore. In the event that such subsidiaries and associates of LCL fail to meet their payment obligations for whatever reasons, LCL will be required to make such payments on demand and this may have an adverse effect on our cash flows, financial condition and results of operations.

Risks relating to real estate development businesses

62. We have not obtained certain approvals for some of our projects and some of our projects are in the preliminary stages of planning.

We are required to obtain certain statutory and regulatory approvals or permits at various stages in the development of our projects. For example, if a specific parcel of land has been deemed as agricultural land by certain regulatory bodies, we cannot develop such land without obtaining prior approval. Also, slum rehabilitation projects depend substantially upon approvals, such as letters of intent, or occupancy certificates, from certain governmental agencies for the replacement of permanent housing for former slum dwellers. It is vital to obtain these approvals in order to commence and ultimately complete many projects.

We may encounter delays in obtaining these approvals, or may not be able to obtain such approvals at all. Moreover, there can be no assurance that we will not encounter difficulties in fulfilling any conditions precedent to the approvals described above or any approvals we require in the future, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of the approvals. If we fail to obtain, or experience material delays in obtaining, approvals, the schedule of development could be substantially disrupted, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

63. Our ability to obtain suitable development sites and generate revenue could be adversely affected by any changes to the slum rehabilitation schemes or the sale of development rights regulatory regime currently in effect.

Our ability to obtain suitable development sites for slum rehabilitation projects in the Mumbai Metropolitan Region in the future, and cost to acquire land development rights over such sites or other sites, could be adversely affected by any changes to the Slum Rehabilitation Scheme, the MRTP Act or any changes in their interpretation or implementation. If the slum rehabilitation schemes in effect in the Mumbai Metropolitan Region were to significantly change or be terminated, we may be required to purchase developable land from third parties at significantly increased cost and we may not be able to acquire land development rights over sufficiently suitable land at an acceptable cost for our future development projects. Under the Slum Rehabilitation Scheme, we may receive FSI to develop real estate projects. Depending on market conditions and commercial considerations, we may decide to sell such development rights or may purchase development rights from third parties.

If the regulations change to preclude the sale or utilization of sale development rights or the planning and land use regulations in the Mumbai Metropolitan Region are significantly altered or terminated so as to permit additional construction on existing lots, our sale development rights may lose value and we may not ultimately derive revenue from their sale, which would adversely affect our business, financial condition and results of operations.

Further, the real estate market in the Mumbai Metropolitan Region may be affected by various factors outside our control, including prevailing local and economic conditions, changes in the supply and demand for properties comparable to those we develop, and changes in the applicable governmental regulations relating to slum rehabilitation in the Mumbai Metropolitan Region. These and other factors may contribute to fluctuations in real estate prices and the availability of land in the Mumbai Metropolitan Region and may adversely affect our business, financial condition and results of operations. In the event that market conditions produce a drop in real estate prices in the Mumbai Metropolitan

Region, our business, financial condition and results of operations could adversely be affected.

64. We may face risks associated with uncompleted property developments such as undertaking of development activities in excess of the budgeted amounts.

Property developments typically require substantial capital outlay during the construction period and we may take an extended period of time to complete and to occupy before a potential return can be generated. The time and costs required to complete a property development may be subject to substantial extensions and increases due to many factors, including shortages of, or price increases with respect to, construction materials (which may prove defective), equipment, technical skills and labour, adverse weather conditions, third party performance risks, environmental risks, changes in market conditions, changes in government or regulatory policies, delays in obtaining the requisite approvals, permits, licenses or certifications from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent the completion of, a property development project and result in costs substantially exceeding those originally budgeted for which we may not be adequately compensated by insurance proceeds (if any) and/or contractual indemnities. This could have a material adverse effect on our business, financial condition and results of operation.

65. We may not be successful in identifying suitable projects, which may hinder our growth.

Our ability to identify suitable projects is fundamental to our business and involves certain risks including identifying and acquiring appropriate land, meeting the demands of the residential customers for residential projects, understanding and responding to the expectations and demands. Our ability to identify commercial projects also involves certain risks. In identifying new real estate projects, we need to take into account land use regulations, the availability and commitment from the respective state government to provide off-site infrastructure, the requirement for suitable rehabilitation of project affected persons, the land's proximity to resources such as water and electricity, the target sectors, expectations of our customers in relation to the infrastructure and amenities to be provided as well as their perception of the State. While we have successfully identified suitable projects in the past, we may not be as successful in identifying suitable projects that meet market demand in the future. Any failure to identify suitable projects, build or develop saleable properties or anticipate and respond to customer demand in a timely manner could have an adverse effect on our business, financial condition and results of operations.

66. We may not be able to increase our land bank by acquiring suitable sites or acquiring land allocated to us by various state governments and their concerned agencies.

In order to maintain and grow our business, we will be required to increase our land bank with suitable sites for development. Our ability to identify and acquire suitable sites is dependent on a number of factors including the availability of suitable land, the willingness of landowners to sell land to us on attractive terms, the ability to obtain an agreement to sell from all the owners where the land has multiple owners, encumbrances on targeted land and obtaining the relevant permits and approvals for land acquisition and development. The failure to acquire land may cause us to change, delay or abandon entire projects, which in turn could materially and adversely affect our competitive position, business, financial condition and results of operation.

67. Our inability to procure contiguous parcels of land may affect our future development activities.

We acquire parcels of land and development rights over parcels of land in various locations from various landholders, over a period of time, for future development. These parcels of land are subsequently consolidated to form a contiguous land mass, upon which we undertake development. We may not be able to procure such parcels of land at all or on terms that are acceptable to us, which may affect our ability to consolidate parcels of land into a contiguous mass. Failure to acquire such parcels of land may cause delays or force us to abandon or modify the development of the land in such locations, which may result in us failing to realize our investment for acquiring such parcels of land. Accordingly, our inability to procure contiguous parcels of land may materially and adversely affect our business, results of operations, financial condition and prospects.

68. We enter into MoUs, agreements to sell and similar agreements with third parties from time to time to acquire land or land development rights, which entail certain risks.

We enter into MoUs, agreements to sell and similar agreements with third parties from time to time to acquire title or land development rights with respect to certain land. Since formal transfer of title or land development rights with respect to such land is completed only after all requisite governmental consents and approvals have been obtained and all conditions precedent to such agreements have been complied, we are subject to the risk that pending such consents and approvals sellers may transfer the land to other purchasers or that we may never acquire registration of title or land development rights with respect to such land. We also make partial payments to third parties to acquire certain land or land development rights which we may be unable to recover under certain circumstances. Our inability to acquire such land or land development rights, or any failure to recover the partial payment we make with respect to such land, may materially and adversely affect our business, financial condition and results of operation.

69. Significant infrastructural costs may be incurred by us if our tenants default on rental payments or renegotiate the rental payments or cancel their lease prior to the completion of the lease period.

Significant infrastructural costs are attributed to the development of various projects including the establishment, construction and maintenance of services which include but are not limited to telecommunications and the internet. These infrastructural costs, maintenance charges, taxes on the property and stamp duty are generally indirectly borne by the tenants through the payment of lease rentals. Accordingly, if a tenant defaults on the payment of lease rentals or if a tenant renegotiates the lease payments or cancels the lease prior to the completion of the lease period or if we are otherwise unable to pass such costs to our tenants, we would have to bear such costs. In the event that the number of such defaults, re-negotiations or cancellations of lease becomes significant, our business, financial condition, results of operations and prospects could be materially and adversely affected.

70. It may not be possible to sell completed developments or our interests in our Subsidiaries or their underlying assets at the desired price or at all.

Investments in the real estate sector may be difficult, slow or impossible to realize. In addition, we will be subject to the general risks incidental to the ownership of real property, including changes in the supply of or demand for competing properties in an area, a decline in the market value of the properties, a decline in rental rates, changes in interest rates and the availability of mortgage finance, changes in property tax rates and landlord and tenant or planning laws and environmental factors. The marketability and value of any properties we invest in will, therefore, depend on many factors beyond our control and there is no assurance that there will be either a ready market for any of our properties (or properties jointly developed by us) or that such properties or any of our investments will be sold at a profit or in a timely manner, if at all. If we are unable to sell our interest in a project in a timely manner or at all, we may incur additional costs or be unable to invest in other developments.

71. Changes in interest rates have a significant impact on the real estate financing and the demand for residential real estate projects.

Rising interest rates affect a prospective customer’s ability to obtain affordable financing for purchase of our properties, particularly the purchase of completed residential developments by individuals. The interest rate at which our residential real estate customers may borrow funds for the purchase of our residential properties, and the availability of credit to such customers, affects the affordability of, and hence the market demand for, our residential real estate developments. Any adverse changes in the interest rates resulting in significant decline in the demand for residential or other real estate projects could adversely affect our business, financial condition and results of operations.

72. Land title in India is uncertain and there is no assurance of clean title to our real estate assets.

In India, property records do not constitute conclusive evidence and do not provide a guarantee of the title to the land. The method of documentation of land records has not been fully computerized and are generally maintained and updated manually. The land records are often in a poor condition, hand-written, in local languages and may not be legible, which make it difficult to ascertain the contents of the records and sometimes materially impedes the title investigation process. This could also result in investigations being inaccurate. As a result, the title of the real property that we have invested and/or might invest in future may not be clear.

More often than not, the title to land is fragmented and it is possible that land relating to one property may have come from multiple owners. Some land may have irregularities of title, such as non-execution or non-registration of conveyance deeds and inadequate stamping and may be subject to encumbrances of which we may be unaware.

It is also difficult to obtain title insurance in India due to the limited availability of such insurance coverage. A lack of title insurance, coupled with difficulties in verifying title to land, may increase our exposure to third parties claiming title to the property or otherwise materially prejudice the development of the property which could in turn have an adverse effect on our business, financial condition, results of operations and prospects.

73. Property litigation is common in India and time consuming.

Property litigation, particularly litigation with respect to land ownership, is common (including public interest litigation) and is generally time consuming and involves considerable costs. If any property in which we have invested is subject to any litigation or is subjected to any litigation in future, it could delay a development project and/or have a material adverse impact on our business, results of operation and financial condition. For further details, see "*Outstanding Litigation and Defaults*" on page 247.

74. The real estate sector in India is subject to heavy regulation and legislation.

The real estate market in India is subject to numerous legal requirements mandated by central and state laws and regulations, including policies and procedures established by local authorities. Additionally, in order to develop and complete a real estate project, developers must obtain various approvals, permits and licenses from the relevant administrative authorities at various stages of project development. Any delay in applying or obtaining such approvals or licenses will have an impact on timing of our project development and as a consequence may materially and adversely affect our business, results of operations and financial condition.

75. The real estate sector is subject to local and municipal laws which vary from region to region and ensuring compliance with such laws could be time consuming and costly.

The real estate sector is subject to local and municipal laws and taxes, in addition to central and state level laws and taxes, which vary from region to region. Further, such laws and taxes are subject to changes or revisions from time to time. Municipal taxes and statutory expenses for compliance with such laws could lead to a reduction in the return on our investments. The land held or acquired by us may be materially and adversely affected by such revisions thereby reducing the value of such investments and delay in project development.

76. Land is subject to compulsory acquisition by the government and compensation in lieu of such acquisition may be inadequate.

The right to own property in India is subject to restrictions that may be imposed by the government. In particular, the government under the provisions of the Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 ("**Land Acquisition Act, 2013**") has the right to compulsorily acquire any land if such acquisition is for a "public purpose", after making payment of compensation to the owner. The Land Acquisition Act, 2013 *inter alia*, stipulates (i) restrictions on land acquisition (for example, certain types of agricultural land), and (ii) compensation, rehabilitation and resettlement of affected people residing on such acquired land. However, the compensation paid pursuant to such acquisition may not be adequate to compensate the owner for the loss of such property. The likelihood of such actions may increase as the central and state governments seek to acquire land for the development of infrastructure projects such as roads, railways and airports. Any such action in respect of any of the projects in which we are investing (or may invest in the future) may adversely affect our business, financial condition or results of operations.

77. Restrictions on foreign investment in the real estate sector may hamper our ability to raise additional capital.

In Switzerland, the Federal Law on the Acquisition of Real Estate by Persons Abroad ("**Lex Koller**") restricts foreign persons, including individuals residing or domiciled abroad and legal entities domiciled abroad or controlled by persons abroad, from buying residential and other non-commercial real estate in

Switzerland. Control of a legal entity by persons abroad is assumed if persons abroad either hold more than one-third of the entity's equity capital or voting rights or provide significant amounts of debt capital to the entity. While the Swiss government recommended the repeal of the Lex Koller in 2007, the financial crisis of 2008 and the economic developments since then resulted in fundamental changes. Recent measures in the Swiss parliament indicate that there are advocates who wish to apply Lex Koller restrictions to commercial real estate. While this proposal was ultimately struck down, there may be future proposals to extend Lex Koller restrictions to commercial real estate and any expansion of Lex Koller to include commercial real estate may materially and adversely affect Steiner. Specifically, Steiner's development business may be further restricted and, for example, Steiner may no longer be able to purchase land for commercial development which may materially and adversely affect our business, financial condition, results of operations and prospects.

78. Building and other consents in relation to the real estate assets may not be granted.

There can be no assurance that any building permits, consents or other approvals that are required from third parties including from central, state and local governmental bodies, in connection with the construction and letting of existing or new development projects will be issued or granted to us in a timely manner or at all. It is possible that some projects will be located in areas that will require significant infrastructure support, including roads, electrical power, telecommunications, water and waste treatment. We may be dependent on third parties, including local authorities, to provide such services. Any delay or failure by any third party to provide such additional services or a failure to obtain any required consents and approvals on acceptable terms or in a timely fashion may affect our ability to execute or complete existing and/or new development projects.

79. Our operations and success are subject to fluctuations in the market value of the real estate market and economic conditions generally.

Our real estate development business is significantly affected by changes in government policies, such as restrictive immigration rules in Switzerland, economic conditions, such as economic slowdown or recession, rising interest rates, demographic trends, employment levels, availability of financing or declining demand for real estate, relatively illiquid market for both the land and developed properties in the markets in which we operate or the public perception that any of these events may occur. Any of these factors can negatively affect the demand for and pricing of the developed and undeveloped land and constructed inventories at the expected rental or sale price and, which could in turn, affect our returns on investments.

In Switzerland for example, 50.3% of the Swiss electorate approved an initiative against free migration with the European Union in February 2014. In addition to an imposition of immigration quotas, the initiative requires companies to give preference to Swiss residents when hiring new staff. The Swiss government has now amended Swiss law to implement the initiative. The new law is expected to affect the country, which has a foreign population of approximately 25% and a net immigration of 46,000 persons a year. This in turn may materially and adversely affect Steiner's business and operations by weakening local demand for residential real estate and restricting Steiner's ability to hire the most qualified workers for its projects.

80. The success of our real estate development business is dependent on the willingness and ability of corporate customers to pay rent or purchase prices at suitable levels.

Our commercial real estate development business will target leading local and multinational companies and financial institutions. Our growth and success will therefore depend on the provision of high quality office space to attract and retain clients who are willing and able to pay rent or purchase prices at suitable levels, and on our ability to anticipate the future needs and expansion plans of these clients. We will incur significant costs for the integration of modern fittings, contemporary architecture and landscaping. In addition, our commercial customers may choose to acquire or develop their own commercial facilities, which may reduce the demand for our commercial properties from these customers. In the event, we are unable to attract customers willing to pay rent at suitable levels or customers renegotiate rentals, this could materially impact our business and results of operations.

81. The success of our real estate development business is dependent on our ability to anticipate and respond to consumer requirements.

The success of real estate development business depends on the ability to recognize and respond to the changing trends in India's real estate sector and in Switzerland with respect to our real estate development business operated by Steiner. Our ability to identify suitable clients is fundamental to our business and involves certain risks including identifying and developing appropriate projects, meeting the demands of the clients for such projects, understanding and responding to the expectations and market demands. Our growth and success will therefore depend on the provision of high quality projects to attract and retain clients who are willing and able to pay rent or purchase prices at suitable levels, and on our ability to anticipate the future needs and expansion plans of these clients. Additionally, we may face significant competition from other real estate developers and may not have adequate information about our competitors' projects. Increasing competition may affect our ability to attract suitable clients. Any failure to build or develop saleable properties or anticipate and respond to client demand in a timely manner could have an adverse effect on our business, financial condition and results of operations.

External Risk Factors

82. A slow-down in economic growth in India and other political and economic factors may adversely affect our business and results of operations.

A substantial number of our projects are located in India and a substantial part of our revenues is derived from the domestic market. We and the market price and liquidity of the Equity Shares, may be affected by foreign exchange rates and controls, interest rates, changes in central government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy.

The Central Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of the Equity Shares may be affected by interest rates, changes in central government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

In November 2016, Governments' policy measure of demonetization impacted certain sectors of the Indian economy, including the infrastructure sector, due to cash crunch with both the construction contractors and the clients. Such slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

Recent trends indicate a decline in lending to companies in the infrastructure and construction space. Moreover, a number of banks in India are currently under the corrective action initiative of the Central Government resulting in increased restrictions on the funds available with such banks for lending. Such reduced access to funding may have a material adverse effect on our business, financial condition and results of operations.

83. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act may in turn adversely affect our business.

The Competition Act, was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian central government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset- and turnover-based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it may adversely affect our business, financial condition, cash flows, results of operations and prospects.

84. Political instability and significant changes in the Government's policy on liberalization of the Indian economy could impact our financial results and prospects.

The Government has traditionally exercised and continues to exercise influence over many aspects of the Indian economy. The Government has in recent years sought to implement economic reforms and policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Governments. However, there can be no assurance that these liberalization policies and the political stability will continue in the future. The rate of economic liberalization could change, and laws and policies affecting project construction providers, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

85. Instability in financial markets could materially and adversely affect our results of operations and financial condition.

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America or Europe, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The global financial crisis starting in late 2008, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets and Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any future financial crisis may have an adverse impact on the Indian economy and us and may have a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

86. Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy, the health of which our business depends on.

India has from time to time experienced social and civil unrest and terrorist attacks. These events could lead to political or economic instability in India. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected.

India has also experienced social unrest, Naxalite violence and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and trading price of our Equity Shares.

87. Significant differences exist between Ind AS and other accounting policies, such as Indian GAAP, IFRS and U.S GAAP, which may be material to investors' assessment of our financial condition.

As stated in the report of our Auditors included in this Draft Letter of Offer, our financial statements for Fiscal 2018 have been prepared have been prepared under Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 to the extent applicable. No attempt has been made to reconcile any of the information given in this Draft Letter of Offer to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Letter of Offer.

88. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and the price of Equity Shares.

Any adverse revision to the rating of India's domestic or international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

89. The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have an adverse effect on our results of operations and financial condition.

90. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

91. A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or a change in control in us. Disclosure and mandatory bid obligations in relation to substantial acquisition of shares and takeovers for listed Indian companies under Indian law are governed by the Takeover Regulations. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us.

Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of us. Consequently, even if a potential takeover would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Takeover Regulations.

92. Investors may have difficulty enforcing foreign judgments against us or our management.

We are a limited liability company incorporated under the laws of India. All of our Directors and key management personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties outside India.

Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

93. Our business and the price of the Equity Shares may be adversely affected by the implementation of GAAR.

The Government of India has also proposed provisions relating to GAAR which came into effect from April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests:

(i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;

(ii) results in misuse, or abuse, of the provisions of the tax laws;

(iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or

(iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the assesse, i.e., an arrangement shall be presumed, unless it is proved to the contrary by the assesse, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit. If GAAR provisions are invoked, then the tax authorities will have wide powers, including denial of tax benefit or a benefit under a tax treaty which may have an adverse tax impact on us.

94. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, such as application of GST, may adversely affect our business results of operations, cash flows and financial performance.

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. For instance, as of July 1, 2017, GST in India replaced taxes levied by central and state governments with a unified tax regime in respect of the supply of goods and services in India. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

Risks Relating to the Equity Shares and the Issue

95. Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

96. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

97. Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Currently prices of securities listed on Indian exchanges are displaying signs of volatility linked among other factors to the uncertainty in the global markets and the rising inflationary and interest rate pressures domestically. The governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations or trading restrictions could have a material adverse effect on the price of our Equity Shares.

98. Any future issuance of the Equity Shares may further dilute your shareholding and sales of the Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of the Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

99. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your

Equity Shares at or above the Issue Price.

The price of the Equity Shares may fluctuate after this Issue as a result of various factors, including volatility in the Indian and global securities markets, the results of our operations including our profitability and performance, the performance of our competitors and perception in the market about investments in our industry, significant developments in India's economic fiscal, liberalization and deregulation policies, adverse media reports and changes in developments in, perceptions in the market about investments in or estimates by financial analysts of us and the sectors in which we operate in.

Further, an active trading market for the Equity Shares may not develop or be sustained after this Issue and the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

100. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.

The Equity Shares will be subject to daily circuit breaker imposed by all stock exchanges in India on all listed companies which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Stock Exchanges. The percentage limits on our circuit breakers are set by the Stock Exchanges. The Stock Exchanges are not required to inform us of the percentage limit of such circuit breakers and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

101. You may be subject to Indian taxes arising out of capital gains on sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months will not be subject to long term capital gains tax in India if Securities Transaction Tax ("**STT**") is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on such long term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

102. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

103. Foreign investors are subject to foreign investment restriction under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI and such transaction is within the sectoral cap prescribed for foreign investment. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under an exception, then the prior approval of the RBI or the appropriate authorities will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

104. There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

105. Currency exchange rate fluctuations may have a material adverse effect on the value of Equity Shares, independent of our operating results.

The exchange rate between the Indian Rupee and the U.S. Dollar has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the U.S. Dollar and the Indian Rupee may affect the value of your investment in the Equity Shares. Specifically, if there is a change in relative value of the Indian Rupee to the U.S. Dollar, each of the following values will also be affected:

- The U.S. Dollar equivalent of the Indian Rupee trading price of our Equity Shares in India;
- The U.S. Dollar equivalent of the proceeds that you would receive upon sale in India of any of our Equity Shares; and
- The U.S. Dollar equivalent of cash dividends, if any, on our Equity Shares, which will be paid only in Indian Rupees.

You may be unable to convert Indian Rupee proceeds into U.S. Dollars or any other currency or the rate at which any such conversion could occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Indian Rupee, if U.S. investors analyse our value based on the U.S. Dollar equivalent of our financial condition and results of operations

106. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you purchase in the Issue may not be credited to your demat account with the depository participants until approximately fifteen days from the Bid / Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

Prominent Notes

1. Issue of up to [●] Equity Shares with a face value of ₹ 1 each for cash at ₹ [●] per Equity Share for an amount aggregating up to ₹ 500 crore on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Shares for every [●] Equity Shares held by them on the Record Date.

2. Our Company's standalone net worth as on March 31, 2018 was ₹ 2,774.94 crore. Our consolidated net worth as on March 31, 2018 was ₹ (1,551.07) crore. Net worth is defined as the aggregate of paid up share capital, share premium account and reserves and surplus (excluding revaluation reserves), as reduced by the aggregate miscellaneous expenditure (to the extent not availed or written off) and the debit balance of the profit and loss account.

3. For details of the related party transactions of our Company, see "*Financial Statements*" beginning on page 93.

4. No selective or additional information will be available for a section of investors in any manner whatsoever.

5. There are no financing arrangements whereby the Promoter Group, directors of our Promoters, our Directors or their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Draft Letter of Offer.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on September 5, 2018, pursuant to section 62(1)(a) of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information as set out in "*Terms of the Issue*" on page 291.

	Equity Shares
Equity Shares being offered by our Company	Up to [●] Equity Shares
Rights Entitlement	[●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Record Date	[●]
Face Value	₹ 1 each
Issue Price	₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share)
Dividend	Such dividend as may be recommended by our Board and declared by our Shareholders
Issue Size	Up to ₹ 500 crore
Equity Shares outstanding prior to the Issue	See "*Capital Structure*" on page 64
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	See "*Capital Structure*" on page 64
Security Codes for the Equity Shares	ISIN: INE549A01026 BSE Code: 500185 NSE Code: HCC
Terms of the Issue	For further information, see "*Terms of the Issue*" on page 291
Use of Issue Proceeds	For further information, see "*Objects of the Issue*" on page 72

Terms of Payment

Due Date	**Equity Shares**
On the Issue application (i.e. along with the CAF)	₹ [●], which constitutes 100% of the Issue Price payable

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Financial Statements. Our summary financial information presented below, is in Rupees/ Rupees crore and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in "Financial Statements" beginning on page 93.

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Hindustan Construction Company Limited
Standalone Balance Sheet as at 31 March 2018

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
ASSETS		
Non-current assets		
Property, plant and equipment	**597.60**	594.56
Capital work-in-progress	**160.38**	187.18
Intangible assets	**0.34**	0.91
Financial assets		
Investments	**703.42**	718.63
Trade receivables	**1,375.13**	1,429.09
Loans	**1,965.62**	1,739.03
Other financial assets	**260.89**	236.18
Income tax assets (net)	**79.38**	26.46
Other non-current assets	**127.75**	157.93
Total non-current assets	**5,270.51**	5,089.97
Current assets		
Inventories	**179.33**	233.31
Financial assets		
Investments	**77.72**	77.72
Trade receivables	**2,397.79**	2,086.55
Cash and cash equivalents	**122.03**	77.64
Other bank balances	**75.41**	41.97
Loans	**18.67**	23.27
Other financial assets	**2,872.43**	3,420.53
Other current assets	**212.34**	153.02
Total current assets	**5,955.72**	6,114.01
TOTAL ASSETS	**11,226.23**	11,203.98
EQUITY AND LIABILITIES		
Equity		
Equity share capital	**101.55**	101.08
Other equity	**2,673.39**	2,588.90
Total equity	**2,774.94**	2,689.98
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	**2,283.41**	2,832.33
Other financial liabilities	**12.05**	14.23
Provisions	**41.32**	40.12
Deferred tax liabilities (net)	**37.48**	23.18
Total non-current liabilities	**2,374.26**	2,909.86
Current liabilities		
Financial liabilities		
Borrowings	**1,027.72**	1,148.58
Trade payables	**1,810.14**	1,616.40
Other financial liabilities	**1,108.21**	918.12
Other current liabilities	**1,978.78**	1,789.79
Provisions	**152.18**	131.25
Total current liabilities	**6,077.03**	5,604.14
TOTAL EQUITY AND LIABILITIES	**11,226.23**	11,203.98

Hindustan Construction Company Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2018

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Income		
Revenue from operations	**4,575.08**	4,195.94
Other income	**251.00**	262.20
Total income	**4,826.08**	4,458.14
Expenses		
Cost of construction materials consumed	**1,072.66**	868.59
Purchase of traded goods	**-**	0.39
Subcontracting expenses	**1,901.25**	1,603.75
Construction expenses	**407.55**	453.95
Employee benefits expense	**437.97**	396.80
Finance costs	**659.97**	772.37
Depreciation and amortisation expense	**122.94**	125.28
Other expenses	**111.77**	118.83
Total expenses	**4,714.11**	4,339.96
Profit before exceptional items and tax	**111.97**	118.18
Exceptional items	**-**	21.22
Profit before tax	**111.97**	96.96
Tax expense		
Current income tax	**20.14**	20.85
Deferred income tax	**14.30**	16.70
	34.44	37.55
Profit for the year (A)	**77.53**	59.41
Other comprehensive income (OCI)		
(a) Items not to be reclassified subsequently to profit or loss (net of tax)		
- Gain on fair value of defined benefit plans as per actuarial valuation	**3.57**	2.22
- Gain/ (loss) on fair value of equity instruments	**(15.21)**	19.29
(b) Items to be reclassified subsequently to profit or loss	**-**	-
Other comprehensive income/ (loss) for the year, net of tax (B)	**(11.64)**	21.51
Total comprehensive income for the year, net of tax (A+B)	**65.89**	80.92
Earnings per equity share of nominal value ₹ 1 each		
Basic and diluted (in ₹)	**0.76**	0.71

Hindustan Construction Company Limited
Standalone Cash Flow Statement for the year ended 31 March 2018

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**111.97**	96.96
Adjustments for		
Depreciation and amortisation expense	**122.94**	125.28
Finance costs	**659.97**	772.37
Interest income	**(246.17)**	(220.42)
Trade receivables and unbilled work in progress written off (exceptional item)	**-**	35.97
Gain on restructuring of debts	**-**	(14.75)
Share issue expenses	**-**	4.02
Dividend income	**(0.03)**	(0.03)
Profit on sale of investment	**(0.03)**	-
Unrealised foreign exchange loss/ (gain) (net)	**10.44**	(11.77)
Loss on sale of property, plant and equipment (net)	**0.57**	2.35
Excess provision no longer required written back	**(1.72)**	(2.15)
	545.97	690.87
Operating profit before working capital changes	**657.94**	787.83
Adjustments for changes in working capital:		
(Increase)/ Decrease in trade receivables	**(257.28)**	(886.42)
(Increase)/ Decrease in loans and advances / other advances	**524.36**	23.66
(Increase)/ Decrease in inventories	**53.98**	(59.84)
Increase/ (Decrease) trade and other payables	**450.30**	243.50
Increase in provisions	**18.42**	5.62
Increase/ (Decrease) in advance from contractees	**(57.03)**	543.61
	732.75	(129.87)
Cash generated from operations	**1,390.69**	657.96
Direct taxes paid (net of refunds received)	**(73.06)**	(18.48)
Net cash generated from operating activities	**1,317.63**	639.48
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(12.80)**	(207.88)
Proceeds from sale of property, plant and equipment	**11.29**	12.33
Proceeds from sale of long-term investments	**0.03**	-
Inter corporate deposits given	**(21.14)**	-
Inter corporate deposits recovered	**7.10**	
Net proceeds from/ (investments in) bank deposits (having original maturity of more than three months)	**(35.85)**	0.48
Interest received	**1.60**	0.30
Dividend received	**0.03**	0.03
Net cash used in investing activities	**(49.74)**	(194.74)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including securities premium)	**19.80**	808.56
Proceeds from/ (repayments of) long-term borrowings (net)	**(550.43)**	229.11
Repayments of short-term borrowings (net)	**(120.88)**	(901.31)
Inter-corporate deposits taken	**0.02**	0.25
Interest and other finance charges	**(571.92)**	(569.18)
Share issue expenses	**-**	(4.02)
Dividend paid	**(0.16)**	(0.18)
Net cash used in financing activities	**(1,223.57)**	(436.77)
Net increase in cash and cash equivalents (A+B+C)	**44.32**	7.97
Cash and cash equivalents at the beginning of the year	**77.64**	69.66
Unrealised foreign exchange gain	**0.07**	0.01
Cash and cash equivalents at the end of the year	**122.03**	77.64

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2018

	Note No.	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1,556.10**	1,558.94
Capital work-in-progress	3	**1,713.92**	1,890.42
Investment property	3.2	**2.73**	2.74
Goodwill	4	**134.40**	124.49
Other Intangible assets	4	**36.05**	25.22
Biological assets	3	**1.49**	1.62
Financial assets			
Investments	5	**391.90**	442.89
Trade receivables	6	**1,375.13**	1,429.09
Loans	7	**79.60**	25.04
Other financial assets	8	**8.18**	7.45
Deferred tax assets (net)	9	**0.72**	26.70
Income tax assets (net)	9	**120.64**	69.63
Other non current assets	10	**117.10**	143.80
Total non-current assets		**5,537.96**	5,748.03
Current assets			
Inventories	11	**2,504.06**	2,607.94
Financial assets			
Investments	12	**25.19**	33.23
Trade receivables	6	**2,465.28**	2,307.70
Cash and cash equivalents	13	**404.18**	227.74
Other bank balances	14	**547.91**	531.40
Loans	7	**19.98**	83.37
Other financial assets	8	**4,705.00**	5,120.43
Other current assets	10	**455.36**	433.92
Total current assets		**11,126.96**	11,345.73
Assets classified as held for sale	3.1	**-**	2.00
TOTAL ASSETS		**16,664.92**	17,095.76
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	**101.55**	101.07
Other equity		**(1,169.63)**	(369.06)
Equity attributable to owners of the parent		**(1,068.08)**	(267.99)
Non-controlling interests		**(482.99)**	(207.09)
Total equity		**(1,551.07)**	(475.08)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	**3,661.66**	6,154.37
Other financial liabilities	17	**0.28**	1.00
Provisions	18	**170.14**	184.00
Deferred tax liabilities (net)	9	**40.23**	49.83
Other non-current liabilities	21	**0.06**	0.13
Total non-current liabilities		**3,872.37**	6,389.33
Current liabilities			
Financial liabilities			
Borrowings	19	**1,123.24**	1,240.36
Trade payables	20	**3,646.95**	3,462.92
Other financial liabilities	17	**6,361.05**	3,460.56
Other current liabilities	21	**2,937.53**	2,808.07
Provisions	18	**274.85**	209.60
Total current liabilities		**14,343.62**	11,181.51
TOTAL EQUITY AND LIABILITIES		**16,664.92**	17,095.76

Hindustan Construction Company Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

	Note No.	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Income			
Revenue from operations	22	**10,132.46**	9,866.78
Other income	23	**56.08**	81.07
Total income		**10,188.54**	9,947.85
Expenses			
Cost of construction materials consumed	24	**1,073.69**	870.27
Purchase of traded goods		**0.18**	0.83
Subcontracting expenses		**6,437.95**	6,278.76
Change in Inventories	25	**49.85**	(0.21)
Construction expenses	26	**476.61**	567.88
Employee benefits expense	27	**1,021.61**	995.44
Finance costs	28	**1,525.38**	1,542.87
Depreciation and amortisation expense	4.2	**201.33**	205.82
Other expenses	29	**303.06**	392.47
Total expenses		**11,089.66**	10,854.13
Loss before exceptional items and tax		**(901.12)**	(906.28)
Exceptional items	30	**(160.19)**	(21.22)
Loss before share of (profit)/loss of associates and joint ventures and tax		**(1,061.31)**	(927.50)
Share of loss of associates and joint ventures		**(38.90)**	(94.66)
Loss before tax		**(1,100.21)**	(1,022.16)
Tax expense/ (credit)			
Current income tax	9	**29.22**	50.25
Deferred income tax	9	**(39.43)**	(89.81)
		(10.21)	(39.56)
Loss for the year		**(1,090.00)**	**(982.60)**
Other comprehensive income/(loss) (OCI)			
(a) Items not to be reclassified subsequently to profit or loss (net of tax)			
- Gain on fair value of defined benefit plans as per actuarial valuation		**38.16**	57.39
- Loss on fair value of equity instruments		**(15.00)**	20.13
(b) Items to be reclassified subsequently to profit or loss (net of tax)			
- Loss on exchange fluctuations		**(29.43)**	(17.40)
Other comprehensive income/(loss) for the year, net of tax		**(6.27)**	60.12
Total comprehensive loss for the year, net of tax		**(1,096.27)**	(922.48)
Total comprehensive loss for the year attributable to:			
Non controlling interest		**(275.90)**	(224.58)
Owners of the parent		**(820.37)**	(697.90)
Earnings per equity share of nominal value ₹ 1 each			
Basic and diluted (in ₹)	31	**(8.03)**	(9.12)

Hindustan Construction Company Limited
Consolidated Cash Flow Statement for the year ended 31 March 2018

	₹ Crore	Year ended 31 March 2018 ₹ Crore	Year ended 31 March 2017 ₹ Crore
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) before tax		**(1,100.21)**	(1,022.16)
Adjustments for			
Depreciation and amortisation expense	**201.33**		205.82
Finance costs	**1,525.38**		1,542.87
Interest income	**(26.59)**		(18.72)
Profit on sale of non-current investments	**(0.08)**		-
Trade receivables and work in progress written off	**-**		35.97
Gain on restructuring of debts	**-**		(14.75)
Gain on fair valuation of investments	**(1.19)**		-
Impairment loss provision on financial / non-financial assets	**168.30**		65.91
Provision for foreseeable losses	**12.79**		53.12
Provision for warranty	**39.62**		(12.10)
Dividend income	**(0.48)**		(1.20)
Foreign currency monetary translation (net)	**-**		(2.82)
Unrealised foreign exchange loss/ (gain) (net)	**7.71**		(10.02)
Loss on sale of property, plant and equipment (net)	**0.57**		2.35
Excess provision no longer required written back	**(2.83)**		(2.37)
		1,924.52	1,844.08
Operating profit before working capital changes		**824.32**	821.92
Adjustments for changes in working capital:			
(Increase) / Decrease in trade receivables	**(103.61)**		(1,019.20)
(Increase) / Decrease in loans and advances / other advances	**255.00**		(410.44)
(Increase) / Decrease in inventories	**103.87**		(198.85)
Increase / (Decrease) in trade and other payables	**464.78**		96.15
Increase / (Decrease) in advance from contractees	**(118.07)**		780.74
		601.97	(751.60)
Cash generated from operations		**1,426.29**	70.32
Direct taxes paid (net of refunds received)		**(24.41)**	(22.67)
Net cash generated from operating activities		**1,401.88**	47.65
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including capital work in progress and capital advances)	**44.16**		(244.02)
Proceeds from sale of property, plant and equipment	**12.96**		16.29
Proceeds from sale of non-current investments	**45.77**		142.87
Net investments in bank deposits (having original maturity of more than three months)	**(17.24)**		14.92
Interest received	**24.03**		9.77
Dividend received	**0.48**		1.20
Net cash generated from/ (used in) investing activities		**110.16**	(58.97)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital (including securities premium)	**19.81**		808.56
Proceeds from/ (repayments of) non-current borrowings (net)	**(207.26)**		1,208.64
Proceeds from/ (repayments of) current borrowings (net)	**(117.12)**		(909.32)
Interest and other finance charges	**(1,030.92)**		(1,062.09)
Dividend paid	**(0.16)**		(0.18)
Net cash (used in)/generated from financing activities		**(1,335.65)**	45.61
Net increase in cash and cash equivalents (A+B+C)		**176.39**	34.29
Cash and cash equivalents at the beginning of the year		**227.74**	193.45
Unrealised foreign exchange gain		**0.05**	0.01
Cash and cash equivalents at the end of the year		**404.18**	227.74

GENERAL INFORMATION

Our Company was incorporated as ‘The Hindustan Construction Company Limited’ on January 27, 1926 under the Companies Act, 1913. Subsequently, the name of our Company was changed to ‘Hindustan Construction Company Limited’ with effect from October 11, 1991.

Registered Office of our Company
Hincon House, LBS Marg
Vikhroli (West), Mumbai 400 083
Tel: (91 22) 2575 1000
Fax: (91 22) 2577 7568
Website: www.hccindia.com
Corporate Identity Number: L45200MH1926PLC001228
E-mail: secretarial@hccindia.com

Address of the RoC
Our Company is registered with the RoC, which is situated at the following address:
Registrar of Companies
Everest, Marine Lines
Churchgate
Mumbai 400 002

Company Secretary and Compliance Officer

Venkatesan Arunachalam
Company Secretary and Compliance Officer
Hincon House, LBS Marg
Vikhroli (West), Mumbai 400 083
Tel: (91 22) 2575 1000
Fax: (91 22) 2577 7568
E-mail: secretarial@hccindia.com

Lead Manager to the Issue

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg
Churchgate
Mumbai 400 020
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
E-mail: hcc.rights@icicisecurities.com
Investor grievance e-mail: customercare@icicisecurities.com
Contact person: Suyash Jain/Rupesh Khant
Website: www.icicisecurities.com
SEBI registration number: INM000011179

Legal advisor to the Issue as to Indian law

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Statutory Auditors of our Company

Walker Chandiok & Co., LLP
Chartered Accountants
16th Floor, Tower II
Indiabulls Finance Centre, S B Marg
Elphinstone (W), Mumbai 400 013
Tel: (91 22) 6626 2600
Fax: (91 22) 6626 2601
Firm registration number: 001076N/N500013

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park
L B S Marg
Vikhroli (West)
Mumbai 400 083
Tel: (91 22) 4918 6200
Fax: (91 22) 4918 6195
E-mail: hcc.rights@linkintime.co.in
Investor grievance e-mail: hcc.rights@linkintime.co.in
Contact person: Sumeet Deshpande
Website: www.linkintime.co.in
SEBI registration number: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving complete details such as name, address of the Applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors. For details on the ASBA process, see "*Terms of the Issue*" on page 291.

Experts

In accordance with the provisions of Companies Act and the SEBI Regulations, our Company has received consent from its Statutory Auditors, M/s. Walker Chandiok & Co., LLP through its letter dated September 12, 2018 to include its name in this Draft Letter of Offer as an "expert" as defined under Section 2(38) of the Companies Act in respect of its (a) examination reports on the standalone and consolidated financial statements for the year ended March 31, 2018 dated May 3, 2018, (b) limited review report on the standalone financial information for the three months period ended June 30, 2018 dated August 8, 2018 and (c) the statement of special tax benefits dated September 12, 2018, included in this Draft Letter of Offer and such consent has not been withdrawn as of the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the Securities Act.

Bankers to the Issue

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries and updated from time to time, please refer to the above-mentioned link.

Issue Schedule

Issue Opening Date	:	[●]
Last date for receiving requests for SAFs	:	[●]

Issue Closing Date	**:**	[●]
Date of Allotment (on or about)	**:**	[●]
Date of credit (on or about)	**:**	[●]
Date of listing (on or about)	**:**	[●]

Statement of responsibilities

ICICI Securities Limited is the sole Lead Manager to the Issue. The following table sets forth the responsibilities of the Lead Manager for various activities:

Sr. No.	Activity
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.
2.	Drafting, design and distribution of the Letter of Offer, Abridged Letter of Offer, CAF, etc. and memorandum containing salient features of the Letter of Offer. The Lead Manager shall ensure compliance with the SEBI ICDR Regulations, SEBI Listing Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI.
3.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, advertisement agencies, and Monitoring Agency
4.	Drafting and approval of all publicity material including statutory advertisement, corporate advertisement, brochure, corporate films, etc.
5.	Formulating marketing strategy which will cover, inter alia, distribution of publicity and Issue materials including application form, brochure and Letter of Offer
6.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and the SCSBs to get quick estimates of collection and advising the Company about the closure of the Issue, based on correct figures, finalisation of the Basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar to the Issue, Bankers to the Issue, SCSBs, etc., and underwriting arrangement, if any

Credit rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

Debenture trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring agency

Our Company has appointed [●] as the monitoring agency to monitor the utilization of the Net Proceeds in terms of Regulation 16 of the SEBI Regulations.

Appraising entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Book building process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Minimum subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount within 15 days after the Issue Closing Date, our Company becomes liable to refund the subscription amount along with interest for the delayed period, as prescribed under applicable law.

Underwriting

The Issue is not underwritten.

Principal terms of loans and assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to our Company, see "*Financial Statements*" beginning on page 93.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Draft Letter of Offer is set forth below:

(In ₹ crore, except share data)

		Aggregate value at face value	Aggregate value at Issue Price
A	**AUTHORIZED SHARE CAPITAL**		
	1,25,00,00,000 Equity Shares of ₹ 1 each[(1)]	1,25,00,00,000	NA
	1,00,00,000 redeemable cumulative preference shares of ₹ 10 each	10,00,00,000	NA
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**[(2)]		
	1,01,54,62,926 Equity Shares ₹ 1 each	1,01,54,62,926	NA
C	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER**		
	Up to [●] Equity Shares ₹ 1 each	[●]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	Up to [●] Equity Shares of ₹ 1 each	[●]	[●]
F	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue (as of March 31, 2018)	2,127.98	
	After the Issue	[●]	

(1) *The face value of each equity share was ₹ 1,000 per equity share and subsequently, the face value of each equity share was changed to ₹ 100 per equity share with effect from August 31, 1940. Further, the face value of each equity share was changed to ₹ 10 per equity share which became effective in the year 1971. Subsequently, the face value of each equity share was changed to ₹ 1 per equity share with effect from November 17, 2005. Pursuant to a resolution passed on September 5, 2018, our Board has approved an increase in the authorized equity share capital of our Company from ₹ 1,25,00,00,000 to ₹ 2,00,00,00,000, subject to approval of the Shareholders.*

(2) *The Issue has been authorised by our Board of Directors pursuant to a resolution passed on September 5, 2018.*

Notes to the capital structure

1. **Shareholding pattern of our Company as per the last filing with the Stock Exchanges**

(i) The equity shareholding pattern of our Company as on June 30, 2018 is as follows:

Category of shareholder	Number of shareholders	Number of fully paid up equity shares held	Total number shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of voting rights	Total as a % of total voting right	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
							No.(a)	As a % of total Shares held(b)	No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	6	281,015,080	281,015,080	27.67	281,015,080	27.67		0.00	239,919,286	85.38	281,015,080
(B) Public	251,055	734,447,846	734,447,846	72.33	734,447,846	72.33	4,759,291	0.65	0	0.00	727,879,093
(C1) Shares underlying DRs	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(C2) Shares held by Employee Trust	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(C) Non Promoter-Non Public	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
Grand Total	**251,061**	**1,015,462,926**	**1,015,462,926**	**100.00**	**1,015,462,926**	**100.00**	**4,759,291**	**0.47**	**239,919,286**	**23.63**	**1,008,894,173**

(ii) Statement showing holding securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group" as on June 30, 2018:

Category of shareholder	Number of shareholders	Number of fully paid up equity shares held	Total number of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	No.(a)	As a % of total shares held(b)	
A1) Indian									
Individuals/Hindu undivided Family	2	2,127,294	2,127,294	0.21		0.00		0.00	2,127,294
Ajit Gulabchand	1	2,117,294	2,117,294	0.21		0.00		0.00	2,117,294
Shalaka Gulabchand Dhawan	1	10,000	10,000	0.00		0.00		0.00	10,000
Any Other (specify)	4	278,887,786	278,887,786	27.46		0.00	239,919,286	86.03	278,887,786
Hincon Holdings Ltd	1	216,023,600	216,023,600	21.27		0.00	216,023,600	100.00	216,023,600
Hincon Finance Limited	1	62,261,186	62,261,186	6.13		0.00	23,895,686	38.38	62,261,186
Shalaka Investment Pvt Ltd	1	538,000	538,000	0.05		0.00		0.00	538,000
Arya Capital Management Pvt Ltd	1	65,000	65,000	0.01		0.00		0.00	65,000
Sub Total A1	6	281,015,080	281,015,080	27.67		0.00	239,919,286	85.38	281,015,080
A2) Foreign				0.00		0.00		0.00	
A=A1+A2	**6**	**281,015,080**	**281,015,080**	**27.67**		**0.00**	**239,919,286**	**85.38**	**281,015,080**

(iii) Statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of Equity Shares as on June 30, 2018:

Category & name of the shareholders	Number of shareholder	Number of fully paid up equity shares held	Total number shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of voting rights	Total as a % of total voting right	Number of locked in shares		Number of equity shares held in dematerialized form (Not Applicable)
							No.(a)	As a % of total shares held(b)	
B1) Institutions									
Mutual Funds/	13	91,444,927	91,444,927	9.01	91,444,927	9.01	0	0.00	91,438,427
HDFC Small Cap Fund	1	65,617,622	65,617,622	6.46	65,617,622	6.46	0	0.00	65,617,622
Foreign Portfolio Investors	58	55,317,235	55,317,235	5.45	55,317,235	5.45	0	0.00	55,252,735
Financial Institutions/ Banks	27	231,727,673	231,727,673	22.82	231,727,673	22.82	4,759,291	2.05	231,725,173
State Bank Of India	1	29,500,105	29,500,105	2.91	29,500,105	2.91	0	0.00	29,500,105
IDBI Bank Ltd.	1	25,434,620	25,434,620	2.50	25,434,620	2.50	0	0.00	25,434,620
Export- Import Bank Of India	1	24,251,091	24,251,091	2.39	24,251,091	2.39	0	0.00	24,251,091
Punjab National Bank	1	21,955,252	21,955,252	2.16	21,955,252	2.16	0	0.00	21,955,252
Canara Bank-Mumbai	1	19,605,966	19,605,966	1.93	19,605,966	1.93	0	0.00	19,605,966
Axis Bank Limited	1	16,912,826	16,912,826	1.67	16,912,826	1.67	0	0.00	16,912,826
ICICI Bank Limited	1	14,918,848	14,918,848	1.47	14,918,848	1.47	0	0.00	14,918,848
United Bank Of India	1	14,569,452	14,569,452	1.43	14,569,452	1.43	0	0.00	14,569,452
Insurance Companies	4	8,382,144	8,382,144	0.83	8,382,144	0.83	0	0.00	8,382,144
Sub Total B1	102	386871979	386,871,979	38.10	386,871,979	38.10	4,759,291	1.23	386,798,479
B2) Central Government/ State Government(s)/ President of India	0	0	0	0.00	0	0.00	0	0.00	0
B3) Non-Institutions	0	0	0	0.00	0	0.00	0	0.00	0
Individual share capital upto Rs. 2 Lacs	241530	244,615,096	244,615,096	24.09	244,615,096	24.09	0	0.00	238,197,703
Individual share capital in excess of Rs. 2 Lacs	38	18,622,166	18,622,166	1.83	18,622,166	1.83	0	0.00	18,622,166

Category & name of the shareholders	**Number of shareholder**	**Number of fully paid up equity shares held**	**Total number shares held**	**Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)**	**Number of voting rights**	**Total as a % of total voting right**	**Number of locked in shares**		**Number of equity shares held in dematerialized form (Not Applicable)**
							No.(a)	**As a % of total shares held(b)**	
NBFCs registered with RBI	16	320,455	320,455	0.03	320,455	0.03	0	0.00	320,455
Any Other (specify)	9369	84,018,150	84,018,150	8.27	84,018,150	8.27	0	0.00	83,940,290
Non-Resident Indian (NRI)	2314	10,562,228	10,562,228	1.04	10,562,228	1.04	0	0.00	10,560,368
Trusts	6	111,280	111,280	0.01	111,280	0.01	0	0.00	111,280
IEPF	1	1,030,389	1,030,389	0.10	1,030,389	0.10	0	0.00	1,030,389
HUF	5389	12,212,905	12,212,905	1.20	12,212,905	1.20	0	0.00	12,209,905
Clearing Members	474	22,487,071	22,487,071	2.21	22,487,071	2.21	0	0.00	22,487,071
Director or Director's Relatives	4	117,000	117,000	0.01	117,000	0.01	0	0.00	117,000
Bodies Corporate	1150	36,531,790	36,531,790	3.60	36,531,790	3.60	0	0.00	36,458,790
LLP	31	965,487	965,487	0.10	965,487	0.10	0	0.00	965,487
Sub Total B3	**250953**	**347,575,867**	**347,575,867**	**34.23**	**347,575,867**	**34.23**	**0**	**0.00**	**341,080,614**
B=B1+B2+B3	**251055**	**734,447,846**	**734,447,846**	**72.33**	**734,447,846**	**72.33**	**4,759,291**	**0.65**	**727,879,093**

Note: As on June 30, 2018, in addition to the above, a member of our Promoter Group holds 251,400 Equity Shares amounting to 0.02% of the equity share capital of our Company.

2. No Equity Shares have been acquired by our Promoters or members of our Promoter Group in the year immediately preceding the date of filing of this Draft Letter of Offer.

3. Except as disclosed below, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Draft Letter of Offer:

(a) *OCDs*

In 2012, our Company restructured its debt under the Corporate Debt Restructuring ("**CDR**") mechanism. Our Company received the letter of approval dated June 29, 2012 issued by the Corporate Debt Restructuring Empowered Group approving the CDR Scheme pursuant to which our Company executed certain CDR related documents, including in relation to creation of security. Additionally, in 2016, our Company entered into a Scheme for Sustainable Structuring of Stressed Assets ("**S4A Scheme**"). The Joint Lender's Forum adopted the S4A Scheme with a reference date of July 12, 2016. The S4A Scheme was duly approved by the RBI mandated Overseeing Committee on November 4, 2016. Under the S4A Scheme, our Company's total debts amounting to ₹ 5,107 crores as on October 1, 2016 have been bifurcated into sustainable debt, to be serviced as per the existing terms and conditions of those debts, and the remainder debts (to the extent of 47.5% of the fund-based exposure of our Company) have been given the option to convert into fully paid-up Equity Shares in favour of the lenders by following the principle of proportionate loss and balance in OCDs collectively in favour of the lenders. The implementation of the S4A Scheme and the consequent allotment of equity shares and OCDs have been made in respect of all lenders barring a few, who will be allotted equity shares and OCDs once they exercise their option. The number of equity shares or OCDs to be allotted will be determined based on the share price prevailing at the time of such allotment.

Pursuant to the S4A Scheme, the allotment committee of our Board of Directors made the following allotments of OCDs in three tranches to certain of our S4A lenders. In terms of the SEBI Regulations, the option to convert OCDs into equity shares is required to be exercised within 18 months from the date of allotment of such OCDs. However, on April 17, 2018, the S4A lenders filed an application with SEBI seeking exemption from the applicability of Regulation 75 of the SEBI Regulations relating to tenure and period for exercising the conversion option of the OCDs for a further period of 8.5 years beyond the statutorily prescribed 18 months, thereby seeking an extension for the period of conversion of the OCDs to 10 years from the date of allotment. SEBI, through its letter dated May 24, 2018 has granted such exemption and extended the period of conversion of the OCDs into Equity Shares to 10 years from the respective dates of allotment of such OCDs. The conversion price of the OCDs is to be determined in accordance with applicable law.

Date of allotment of OCDs	**Number of OCDs allotted (*of face value of ₹ 1,000 each carrying a coupon rate of 0.01% per annum*)**	**Aggregate conversion amount (₹ crore)**
January 6, 2017	1,20,95,116	1,209.51
January 19, 2017	23,19,758	231.98
July 17, 2017	2,56,716	25.67

As on the date of this Draft Letter of Offer, 14,316,789 OCDs are outstanding.

(b) *HCC Employee Stock Option Scheme*

The HCC Employee Stock Option Scheme ("**ESOP Scheme**") was adopted by our Company on December 10, 2007 and came into effect on April 25, 2008. Subsequently, upon the recommendation of the ESOP Compensation Committee to bring the ESOP Scheme in line with the SEBI ESOP Regulations, the ESOP Scheme was amended on July 12, 2018. Details of the ESOP Scheme as of March 31, 2018 are as set forth below. Further, there has been no change in the following details since March 31, 2018 up to the date of filing of this Draft Letter of Offer.

Sr. No.	Particulars	Number of options
1.	Total number of options granted	87,00,060
2.	Options vested	52,01,080
3.	Options exercised	1,04,360
4.	Options lapsed or forfeited	82,95,700
5.	Total number of options outstanding*	3,00,000*

** Such options may be exercised into a total of 3,00,000 Equity Shares*
 # Including adjustments for bonus issue in the ratio of 1:1 in August 2010

4. None of the Equity Shares of our Company are locked-in as on date of this Draft Letter of Offer.

5. **Subscription to the Issue by the Promoters and Promoter Group**

Our Promoters intend to either subscribe to their Rights Entitlement or renounce their Rights Entitlement in favour of Arya Capital Management Private Limited, a member of our Promoter Group.

Arya Capital Management Private Limited, a member of the Promoter Group, which holds Equity Shares intends to subscribe to (i) the full extent of its Rights Entitlement in the Issue in accordance with Regulation 10(4)(a) of the Takeover Regulations; (ii) the full extent of any Rights Entitlement in the Issue that may be renounced in its favor by our Promoters or any of the other members of our Promoter Group in accordance with Regulation 10(4)(b) and other applicable provisions of the Takeover Regulations; and (iii) any unsubscribed portion in the Issue, in accordance with Regulation 10(4)(b) and other applicable provisions of the Takeover Regulations, to ensure subscription to the extent of at least 90% of the Issue. The acquisition of Equity Shares by the members of our Promoter Group over and above their Rights Entitlement shall be in compliance with the requirements of Regulation 10(4)(b) of the Takeover Regulations.

Another member of our Promoter Group, who holds Equity Shares intends to subscribe to their Rights Entitlement.

Our Company is in compliance, and shall remain in compliance, with the minimum public shareholding requirements as prescribed under the SEBI LODR Regulations after the Issue.

6. Except as disclosed below, none of the Equity Shares held by the Promoters or members of the Promoter Group are pledged or otherwise encumbered, as on date of this Draft Letter of Offer.

Sr. No.	Name of shareholder	Number of Equity Shares	Pledged or encumbered Equity Shares as a percentage of total number of Equity Shares
1.	Hincon Holdings Limited	216,023,600	21.27
2.	Hincon Finance Limited	23,895,686	2.35

7. The Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirements of promoters' contribution and lock-in are not applicable.

8. Our Company has not undertaken any public issue in the three years immediately preceding the date of this Draft Letter of Offer.

9. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Letter of Offer until listing of Equity Shares.

10. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the Takeover Regulations is ₹ [●].

11. If our Company does not receive the minimum subscription of 90% in this Issue or the subscription level falls below 90%, after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than

eight days after our Company becomes liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), our Company will pay interest for the delayed period, as prescribed under applicable law.

12. At any given time, there shall be only one denomination of the Equity Shares of our Company.

13. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Equity Shares allotted pursuant to the Rights Issue, shall be fully paid-up. For further details on the terms of the Issue, see "*Terms of the Issue*" beginning on page 291.

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

1. Working capital requirements of our Company; and

2. Expenses to be incurred towards general corporate purposes.

The objects as set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which the funds are being raised by our Company through this Issue.

The details of the Net Proceeds are summarized in the table below:

(in ₹ crore)

Particulars	Estimated Amount
Gross proceeds	500
Less: Issue related expenses	[●][(1)]
Net Proceeds	[●][(1)]

[(1)] *To be updated in the Letter of Offer at the time of filing with the Stock Exchanges.*

Utilization of Net Proceeds, means of finance and schedule of implementation and deployment of Net Proceeds

The funding requirements mentioned above are based on the internal management estimates and on current market conditions and have not been appraised by any bank, financial institution or any other independent agency nor been verified by the Lead Manager. They are based on current conditions of our business and the present circumstances of our Company which are subject to change in the future. Our Company operates in a highly competitive and dynamic industry and may have to revise its estimates from time to time on account of changes market conditions, costs of commodities and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management. In case of variations in the actual utilization of funds earmarked for the purposes set forth below, increased fund requirements may be financed through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, if the Net Proceeds are required to be deposited in the TRA, the lenders may use the Net Proceeds in terms of the TRA including for repayment of working capital facilities and to the extent of utilisation of Net Proceeds towards repayment of working capital facilities, our Company would consider such utilisation towards funding the working capital requirements of our Company as provided in this section. If the actual utilization towards any of the objects is lower than the proposed deployment, such balance will be used for future growth opportunities and general corporate purposes, to the extent that that total amount to be utilized towards the general corporate purposes will not exceed 25% of the Gross Proceeds in compliance with the SEBI Regulations. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds and identifiable internal accruals. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

The following table provides the schedule of utilisation of the Net Proceeds:

(in ₹ crore)

Sr. No.	Particulars	Amount proposed to be funded from the Net Proceeds	Estimated utilization in Fiscal 2019
1.	Working capital requirements of our Company	367.50	367.50
2.	General corporate purposes	[●]	[●]
	Total	[●]	[●]

As indicated above, our Company proposes to deploy the entire Net Proceeds towards the objects as described above during Fiscal 2019. However, if the Net Proceeds are not completely utilised for the objects stated above by Fiscal 2019 due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in completion of construction of the project; (iv) market conditions outside the control of our Company and its management; (v) other commercial considerations such as availability of alternate financial resources; and (vi) cost of the borrowings to our Company, including applicable interest rates, the same would be utilised (in part or full) in a subsequent period as may be determined by our Company in accordance with applicable law. Any such change in our plans may require rescheduling of our expenditure programs. For further details, see "*Risk Factors – Our management will have flexibility to utilize the Net Proceeds in relation to temporary investment of the Net Proceeds pending utilization towards Objects of the Issue and we cannot assure you that the temporary investment of the Net Proceeds will provide desired returns*" on page 25.

Details of the activities to be financed from the Net Proceeds

1. Funding the working capital requirements of our Company

Our business is working capital intensive and our Company avails a majority of our working capital in the ordinary course of our business from various lenders. As of June 30, 2018, our Company's secured working capital facility consisted of an aggregate fund based limit of ₹ 1,103.85 crore and an aggregate non-fund based limit of ₹ 6,828.52 crore, and our Company does not have any unsecured working capital facility, on a standalone basis. As of June 30, 2018, the aggregate amounts outstanding under the fund based and non-fund based secured working capital facilities were ₹ 1,063.91 crore and ₹ 6,200.78 crore, respectively, on a standalone basis.

Our Company requires additional working capital for executing its outstanding Order Book and any future orders that may be received, for funding future growth requirements of our Company and for other strategic, business and corporate purposes. For instance, as of June 30, 2018, the unexecuted Order Book of our Company was ₹ 27,716 crore. For further details of our Order Book, see "*Business*" on page 80.

Basis for estimation of working capital requirement

The details of our Company's composition of net current assets or working capital as at March 31, 2018 and June 30, 2018, as certified by S. Ramanand Aiyar & Co., Chartered Accountants, on September 10, 2018 and source of funding of the same are as set out in the table below:

Sr. No.	Particulars	Amount *(in ₹ crore)* as on March 31, 2018
I.	***Current Assets***	
1.	Inventories	
(a)	*Raw material*	179.33
(b)	*Work-in-progress*	2,820.96
(c)	*Finished goods*	0
2.	Trade receivables*	3,772.92
3.	Cash and bank balances	197.44
4.	Loans and advances	18.67
5.	Other current assets	341.53
	Total Current Assets (A)	***7,330.85***
II.	***Current Liabilities***	
1.	Trade payable	1,810.14
2.	Other current liabilities and provisions	3,240.89
	Total Current Liabilities (B)	***5,051.03***
III.	***Total Working Capital Requirements***	
	Total Current Assets (A) less Total Current Liabilities (B)	2,279.82
IV.	***Funding Pattern***	
1.	Working capital funding from banks	1,026.00
2.	Internal accruals/ other sources	1,253.82

** Includes long term trade receivables*

The details of our Company's expected working capital requirements for Fiscal 2019 are as set out in the table below:

Sr. No.	Particulars	Amount *(in ₹ crore)*
		Fiscal 2019
I.	***Current Assets***	
1.	Inventories	
(a)	*Raw material*	206.33
(b)	*Work-in-progress*	2,945.96
(c)	*Finished goods*	-
2.	Trade receivables*	4,044.85
3.	Cash and bank balances	167.71
4.	Loans and advances	18.67
5.	Other current assets	289.70
	Total Current Assets (A)	***7,673.23***
II.	***Current Liabilities***	
1.	Trade payable	1,719.89
2.	Other current liabilities and provisions	2,096.98
3.	Short-term provisions	1,189.95
	Total Current Liabilities (B)	***5,006.82***
III.	***Total Working Capital Requirements***	
	Total Current Assets (A) less Total Current Liabilities (B)	2,666.41
IV.	***Funding pattern***	
	Working capital funding from banks	1,096.02
	Funding from the Issue	367.50
	Internal accruals/ other sources	1,202.89

** Includes long term trade receivables*

Our Company expects that the funding pattern for working capital requirements for Fiscal 2019 will comprise working capital facilities, internal accruals and the Net Proceeds.

Assumptions for working capital requirements

Holding levels and justifications for holding period levels

Holding levels

Sr. No.	Particulars	Number of days		
		For Fiscal 2017 (Actual)	**For Fiscal 2018 (Actual)**	**For Fiscal 2019 (Estimated)**
1	**Inventories**			
(a)	*Raw material*	98	61	62
(b)	*Work-in-progress*	357	261	246
(c)	*Finished goods*	-	-	-
2.	Debtors	306	301	293
3.	Creditors	635	649	509

Justification for holding period levels

Particulars	Details
Raw materials	Raw material days are computed from historic Audited Standalone Financial Statements (consumption of material). Our Company has assumed the holding level for the raw material as 62 days of the consumption of material for Fiscal 2019.
Work-progress	Work in progress days are computed from historic Audited Standalone Financial Statements (cost of consumption). Our Company has assumed the holding level for the work in progress as 246 days of the cost of consumption for Fiscal 2019.
Finished goods	-
Debtors	Debtor days are computed from historic Standalone Financial Statements (revenue

Particulars	Details
	from operation). Our Company has assumed the holding level for the work in progress as 293 days of the revenue from operation for Fiscal 2019.
Creditors	Trade payable days are computed from historic Standalone Financial Statements (consumption of material and material purchase). Our Company has assumed the holding level for the work in progress as 508 days of the consumption of material and material purchase for Fiscal 2019.

2. Expenses to be incurred towards general corporate purposes

Our Company intends to deploy the balance portion of Net Proceeds aggregating to ₹ [●] crore for the expenses towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds, in compliance with applicable laws.

Our Company, in accordance with policies formulated by our Board, will have flexibility in applying ₹ [●] crore towards general corporate purposes, including, amongst other things, (a) brand building and other marketing expenses; (b) acquiring construction assets, such as equipment; (c) meeting any expenses incurred in the ordinary course of business by our Company and its Subsidiaries, including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (d) meeting our working capital requirements including payment of interest on borrowings; (e) meeting of exigencies which our Company may face in course of any business; and (f) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

Estimated Issue related expenses

The estimated Issue related expenses are as follows:

(in ₹ crore)

Sr. No.	Particulars	Amount (1)	Percentage of total estimated Issue expenditure(1)	Percentage of Issue Size(1)
1.	Fee of the Lead Manager	[●]	[●]	[●]
2.	Fee to the legal advisors, other professional service providers and statutory fees	[●]	[●]	[●]
3.	Fee of Registrar to the Issue	[●]	[●]	[●]
4.	Advertising expenses, marketing expenses, expenses relating to printing, distribution, postage and stationery	[●]	[●]	[●]
5.	Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
	Total estimated issue related expenses*	**[●]**	**100%**	**[●]**

* *Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.*

(1) *To be updated in the Letter of Offer at the time of filing with the Stock Exchanges.*

Bridge financing facilities

Our Company has not availed any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of proceeds

Pursuant to the CDR arrangement, our Company has a Trust and Retention Account ("**TRA**") mechanism in place and pending utilization, the Net Proceeds may be required to go into the TRA maintained with ICICI Bank Limited. Further, if the Net Proceeds are required to be deposited in the TRA, the lenders may use the Net Proceeds in terms of the TRA including for repayment of working capital facilities and to the extent of utilisation of Net Proceeds towards repayment of working capital facilities, our Company would consider such utilisation towards funding the working capital requirements of our Company as provided in this section.

Monitoring of utilisation of funds

Our Company shall appoint a monitoring agency for the Issue prior to the filing of the Letter of Offer. Our Board will monitor the utilisation of the proceeds of the Issue. Our Company will disclose the utilisation of the proceeds of the Issue under a separate head in our balance sheet along with relevant details, for all such amounts that have not been utilised, as is required under applicable laws. Our Company will indicate investments, if any, of unutilised proceeds of the Issue in the balance sheet of our Company for the relevant Fiscal subsequent to the listing.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to our Board.

Further, according to Regulation 32(1)(a) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the Director's report in the Annual Report.

Other confirmations

No part of the Issue Proceeds will be paid by us as consideration to the Promoters, Directors, key managerial personnel, Associates or Group Companies, except in the normal course of business.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Hindustan Construction Company Limited
Hincon House,
LBS Marg,
Vikhroli (West)
Mumbai- 400083

Dear Sirs,

Sub: Proposed offering of equity shares of face value of ₹ 1 each (the "Securities") of Hindustan Construction Company Limited (the "Company"/ "Issuer") on rights basis in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("ICDR Regulations") and the Companies Act, 2013, as amended (the "Act"), to investors in India and outside the United States of America pursuant to Regulation S of the United States Securities Act of 1933, as amended (the "Securities Act") (the "Offering").

1. This report is issued in accordance with the terms of our engagement letter dated 28 August, 2018.

2. The accompanying 'Statement of Special Tax Benefits available to the Company and its Shareholders' (hereinafter referred to as "Statement") under the Income Tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2018 (hereinafter referred to as the "Income Tax Regulations") has been prepared by the management of the Company in connection with the Offering. We have initialed the Statement for identification purposes only.

Management's Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Letter of Offer dated 12 September 2018 (the "Offer Document") is the responsibility of the management of the Company and has been approved by the Executive Committee of the Board of Directors, namely the Rights Issue Committee, of the Issuer at its meeting held on 10 September 2018 for the purpose set out in paragraph 12 below. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditor's Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, as per the 'Guidance Note on Audit Reports or Certificates for Special Purposes' (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.

5. Pursuant to the ICDR Regulations and Act, it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the special tax benefits available as of 12 September 2018 to the Issuer and the shareholders of the Issuer, in accordance with the Income Tax Regulations as at the date of our report.

6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the Offering.

7. 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,' issued by the ICAI.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

9. Several benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

10. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offering.

11. Further, we give no assurance that the Revenue authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

12. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available as of 12 September 2018, to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

    Considering the matter referred to in paragraphs 8 to 11 above, we are unable to express any opinion or provide any assurance as to whether:

    (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or

    (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

Restriction on Use

13. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Letter of Offer, prepared in connection with the Offering, to be filed by the Company with the Securities and Exchange Board of India (SEBI) and the concerned stock exchanges. This report may be shared with and relied on as necessary by the company or the lead manager appointed by them in relation to the Offering.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Rakesh R. Agarwal

Partner

Membership Number: 109632

Place: Mumbai

Date: 12 September 2018

Statement of Special Tax Benefits available to the Company and its Shareholders

Outlined below are the special tax benefits available to the Company and its shareholders under the current direct tax laws in India.

A. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE "ACT")

There are no special tax benefits available to the Company under the tax laws.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (THE "ACT")

The Shareholders of the Company are not entitled to any special tax benefits under the Act.

Notes:

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offering.

3. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

   i. the Company or its shareholders will continue to obtain these benefits in future;
   ii. the conditions prescribed for availing the benefits have been/ would be met with; and
   iii. the Revenue authorities/Courts will concur with the view expressed herein.

4. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

SECTION IV: ABOUT OUR COMPANY

BUSINESS

Overview

We are one of the largest construction companies and one of the oldest infrastructure development companies in India. We conduct our business operations primarily through four verticals, namely, (i) engineering and construction; (ii) infrastructure development; (iii) comprehensive urban development and management; and (iv) real estate development. While the engineering and construction business is undertaken by our Company directly, the remaining business verticals are housed in certain of our Subsidiaries.

We were incorporated as 'The Hindustan Construction Company Limited' on January 27, 1926 under the Companies Act, 1913. Our Equity Shares were listed on the BSE in 1984 and the NSE in 2003. On October 11, 1991, our name was changed to 'Hindustan Construction Company Limited'. Over the years, we have acquired substantial engineering, procurement and construction capabilities across a variety of segments. Since inception, we have been engaged in engineering and construction of infrastructure projects and have executed a large number of complex infrastructure projects across India such as the Tala Hydel Power Project in Bhutan, the Bandra Worli Sea Link in Mumbai, the Pir Panjal Rail Tunnel in Jammu and Kashmir, the Bhandup Water Treatment Plant in Mumbai, the Kudankulam Nuclear Power Plant in Tamil Nadu and the Uran Gas based Power Plant in Raigad.

As of June 30, 2018, approximately 98% of our Order Book comprised of projects being undertaken by the Central Government, certain State Government or other government undertakings.

Additionally, we own a large and sophisticated fleet of and complex construction equipment, which we believe will meet majority of the requirements for our ongoing projects. As of June 30, 2018, we maintained a fleet of 2013 major construction equipment which allows us to undertake multiple projects simultaneously.

We maintain our Order Book across four main sectors within our engineering and construction segment and for Steiner. Our Order Book as of June 30, 2018 was ₹ 27,716 crore on a consolidated basis (including Steiner), which comprises the balance value of work to be executed in respect of our existing contracts. 15% of our Order Book was attributable to our hydro power projects, 38% was attributable to our transportation projects, 5% was attributable to our water projects, 9% was attributable to our nuclear power and special projects and 33% was attributable to Steiner (excluding Steiner India's order book as primary contractor for Lavasa). We do not keep an order book in respect of our other business segments.

For Fiscals 2018, 2017 and 2016, our consolidated revenue was ₹ 10,132.46 crore, ₹ 9,866.78 crore and ₹ 8,540.16 crore, respectively. During Fiscal 2018, revenue contributed by our engineering and construction vertical, infrastructure development vertical, comprehensive urban development and management vertical and real estate development vertical was ₹ 9,975.88 crore, ₹ 72.65 crore, ₹ 64.94 crore and ₹ 1.70 crore, respectively.

Our competitive strengths

Strong execution and implementation capabilities with an established track record

We have demonstrated strong project execution capabilities consistently over a period of time. Historically, our focus has been on large-scale, complex and high value projects. Owing to our vast experience and having completed high value, technologically advanced and technically complex projects, we believe that we are in a position to meet the pre-qualification requirements necessary to enter the competitive bidding process for potential heavy infrastructure sectors. We have an established track record in the construction industry spanning over eight decades. We have significantly contributed to India's infrastructure and development by executing a large number of projects in the hydro power and nuclear power generation, roads and expressways and complex tunneling in addition to hundreds of bridges, dams and barrages. Some of the landmark projects executed by us include the Bandra-Worli Sea Link project in Mumbai, the Delhi-Faridabad Elevated Expressway, parts of the Mumbai-Pune Expressway and the Kolkata Metro Railway project.

The ability to partner with major international companies is a significant advantage in winning and executing large construction projects in India, and in some instances can aid or is an explicit pre-qualification requirement to qualify for the competitive bidding process. Additionally, partnerships with international companies provides access to specific technical expertise, and helps to reduce the risks associated with large projects. We have selectively formed JVs with international EPC companies to bid for projects sharing domain expertise and qualification criteria. Over the years, we have had good business relationships with several international companies including leading infrastructure industry participants such as Samsung C&T Corporation in Korea, Alstom Hydro Power in France, DSD Bruckenbau GmbH in Germany, Skanska International Civil Engineering AB in Sweden, Halcrow Group Limited in the UK and Hyundai Development Company in Korea.

Robust Order Book of ₹ 27,716 crore as of June 30, 2018

An order book is considered as an indicator of future performance as it represents a portion of anticipated future revenue. We maintain our Order Book for our engineering and construction segment and for Steiner. Our Order Book as of June 30, 2018 was ₹ 27,716 crore on a consolidated basis (including Steiner), which comprises the balance value of work to be executed in respect of our existing contracts pertaining to our engineering and construction vertical. As of June 30, 2018, 15% of our Order Book was attributable to our hydro power projects, 38% was attributable to our transportation projects, 5% was attributable to our water projects, 9% was attributable to our nuclear power and special projects and 33% was attributable to Steiner (excluding Steiner India's order book as primary contractor for Lavasa).

We believe that having demonstrated a strong execution track record over a period of time, has ensured that we continue to win orders, despite our financial stress and CDR status.

Large fleet of equipment and robust systems and processes

We own a large and sophisticated fleet of complex construction equipment such as tunnel boring machines, slip form pavers and boom placers. Given the complex nature of certain works we undertake in the nuclear and hydro sector, we own critical equipment required to execute such projects. Access to a wide range of equipment facilitates us to better meet the varied requirements of our clients and has enabled us to develop strong refurbishment capabilities and in-house fabrication facilities. We believe that access to advanced technology provides a critical competitive advantage in our industry, particularly, for the execution of large-scale projects.

We have put in place robust systems and processes. We have an elaborate process for identification of prospective projects at an early stage through regular engagement with employers. We have capable teams for bid management, estimating costs, technical diligence, project management and execution. We also have effective and efficient contracting and legal teams. We have implemented ERP modules for business development, finance, project monitoring and controls that enables it to be data driven in its decision making.

Well-known brand name and long standing client relationships

Our brand and our reputation are amongst our most important assets. The "HCC" brand is recognisable in India due to its long established presence in the Indian market. By delivering consistent quality work to our clients over time, we believe that we have built a good reputation in the market.

As a result of our established track record and strong execution capabilities, we believe we enjoy long standing relationships with our clients.

Highly experienced management team

We have a highly qualified, experienced, and dedicated management team and a skilled workforce. As of June 30, 2018, we had over 2,300 employees on our payroll. Additionally, we enter into contracts with sub-contractors to engage workmen on a contract labour basis from time to time. We believe that a large pool of engineering and technical workers is essential for the efficient and effective execution of our projects, and our highly experienced staff with expertise in various types of construction projects ensures that our projects are staffed with the most capable people.

Our strategies

Focus on high value and complex projects

We plan to bid selectively for engineering, procurement and construction projects and other large value technically complex projects including hydro power, water solutions, nuclear projects and transportation projects like mass transit systems, bridges and roads with higher threshold limits. We intend to continue to pursue such projects due to better margins involved and relatively steady and long-term nature, which provides us greater stability and visibility of work requirements and revenues. In addition, large and complex projects are often high profile and provide us with exposure to potential clients, and allows us to distinguish ourselves from other engineering and procurement companies.

Selective monetisation of existing assets to improve cash flows and reduce leverage

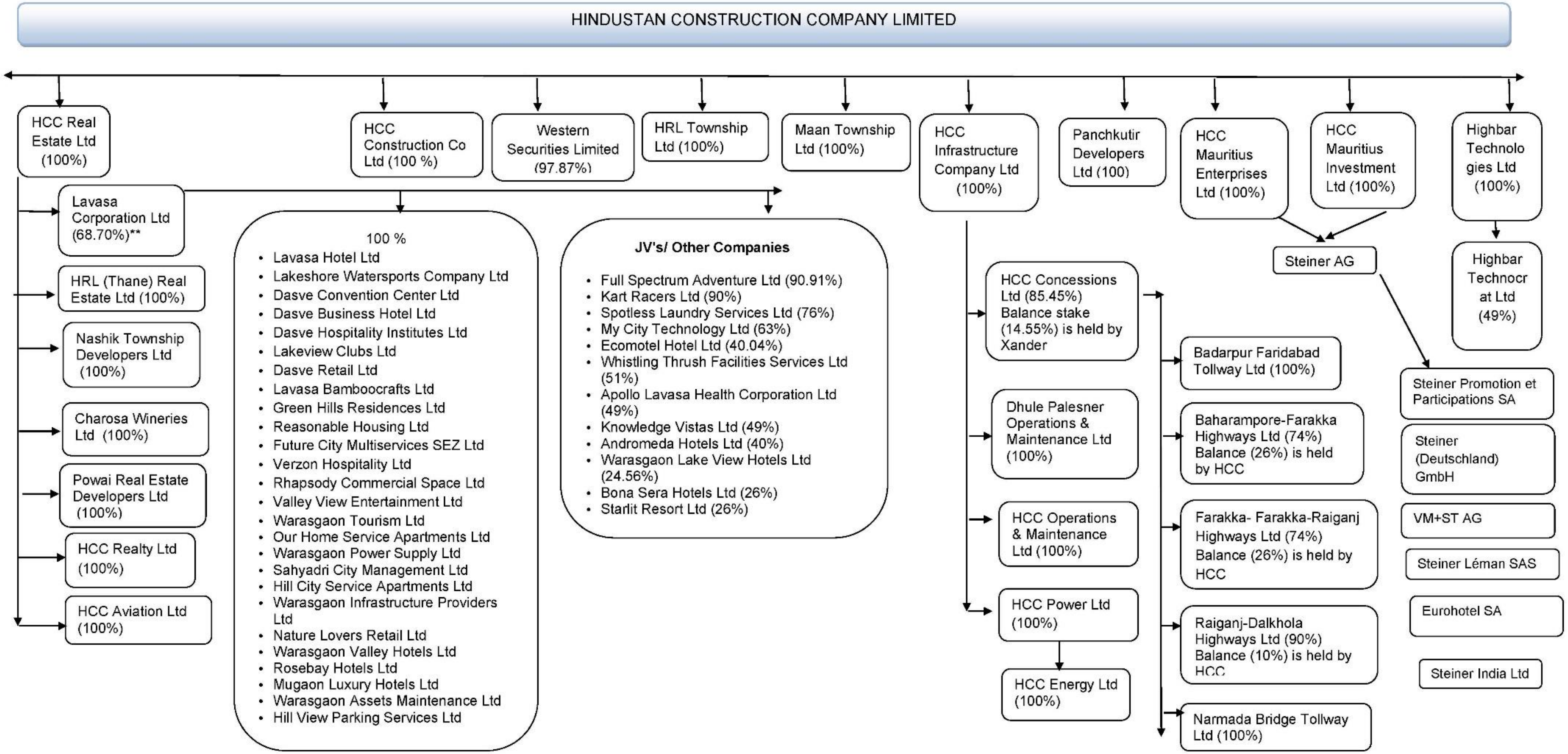
In addition to our traditional engineering and construction projects which we typically construct or design and construct for clients to whom we handover the project upon completion, we have also increasingly undertaken and look to increasingly undertake projects that we operate upon completion, such as build-operate-transfer ("**BOT**") contracts and real estate. The projects are advantageous because they provide us with ongoing revenue even after the completion of construction. We intend to extract value out of certain of these assets through a monetization process in which we divest all or a part of our stakes in these assets. We have been exploring and evaluating opportunities to divest our stakes in certain assets on a regular basis, particularly our real estate and BOT road projects. We believe that this model of monetisation can provide us with substantial cash that we can use to reinvest in our business and repay our indebtedness.

Improving the settlement of claims with our customers

We have increased our efforts to settle claims with our customers by setting up a senior management team to recover outstanding claims. We typically have claims with our customers on account of additional costs, changes in the scope of work and increased timelines on account of the nature, complexity and length of the projects that we undertake, and we earn revenue from such claims only upon a mutually agreed settlement with our customers or when we have received a final arbitration award in respect of a claim. Even once we have received a final arbitration award in respect of a claim, the Indian legal system allows for such awards to be taken to court, which can result in substantial delay in getting paid for such claims. As of June 30, 2018, our total outstanding claims and awards were amounting to ₹ 13,803 crore, comprising of arbitration awards of ₹ 4,747 crore, claims under arbitration of ₹ 4,491 crore and pre-arbitration claims of ₹ 4,565 crore. Our management team is tasked with pursuing mutually agreeable settlements with our customers and shortening the time from when we pursue a claim to when we either settle such claim or receive an arbitration award, in order to quicken the receipt of payment for claims and reduce the need to take claims to court.

HCC group structure

The following chart sets forth the structure of the HCC group:



*** Corporate insolvency resolution proceedings have been initiated against Lavasa Corporation Limited. For further details, see "Risk Factors - The corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 has been initiated against LCL, our Subsidiary" on page 15.*

We divide our business broadly into four segments: engineering and construction, infrastructure development, urban development and management and real estate development. Our Company directly conducts our engineering and construction business. HCC Infrastructure Company Limited ("**HCC Infrastructure**") conducts our infrastructure business, with HCC Concessions Limited ("**HCC Concessions**") directly holding our infrastructure concessions. HCC Real Estate Limited ("**HREL**"), our wholly owned subsidiary, is the real estate arm of the group and conducts our real estate development business in India and owns Lavasa Corporation Limited which is in the comprehensive urban development business. Pursuant to an order passed on August 30, 2018, the National Company Law Tribunal has admitted a petition for initiation of the corporate insolvency resolution process against Lavasa Corporation Limited under the Insolvency and Bankruptcy Code, 2016. For further details, see, "*Risk Factors - The corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 has been initiated against LCL, our Subsidiary*" on page 15. Steiner AG conducts our total services contracting and real estate development business in Switzerland.

Business description

Engineering and construction

Our Company undertakes the engineering and construction business directly and is focused on large-scale and complex construction projects. A significant percentage of the engineering and construction business involves contracts that are secured through competitive bidding. Under these contracts, the engineering and construction segment provides services on the basis of item-rated contracts and/or lump sum turnkey projects. Our engineering and construction vertical is further sub-divided into (a) hydro power; (b) transportation; (c) water solutions; and (d) nuclear and special projects, which gives us the opportunity to be involved in the construction and development of diversified projects including dams, tunnels, bridges, hydro, nuclear and thermal power plants, expressways and roads, marine works, water supply, irrigation systems and industrial buildings across India.

As a part of our hydro power business, certain of our key completed projects include the Chutak and Nimoo Bazgo hydroelectric projects and some of our key ongoing projects include the Pare and Punatsangchhu hydroelectric projects. As part of our transportation business, certain of our key completed projects include the Pir Panjal tunnel between Qazigund in the Kashmir valley and Banihal in the Jammu region and the 156 kilometer four lane Lucknow Muzaffarpur road and some of our key ongoing projects include construction of a rail-cum-road bridge at Bogibeel in Assam and the Kolkatta elevated corridor in West Bengal. As part of our water solutions business, certain of our key completed projects include the IV-Mumbai water supply project and the Gosikhurd Spillway as part of the Gosikhurd irrigation scheme in Maharashtra and some of our key ongoing projects include the Bistan lift irrigation project and the Kachchh branch canal project. As part of our nuclear and special projects business, certain of our key completed projects include the Kudankulam atomic power project and the Kakrapara atomic power plant and some our key ongoing projects include construction of a dry dock in Mumbai for Indian Navy's aircraft carriers and nuclear reactors at Rajasthan Atomic Power Plant.

We maintain our Order Book for our engineering and construction segment and for Steiner. As of June 30, 2018 our Order Book was ₹ 27,716 crore on a consolidated basis (including Steiner), which comprises the balance value of work to be executed in respect of our existing contracts. As of June 30, 2018, 15% of our Order Book was attributable to our hydro power projects, 38% was attributable to our transportation projects, 5% was attributable to our water projects, 9% was attributable to our nuclear and special projects and 33% was attributable to Steiner (excluding Steiner India's order book as primary contractor for Lavasa).

Infrastructure development

HCC Infrastructure, a wholly owned subsidiary of our Company, is the holding company for development and operation of infrastructure projects. It focusses on sustainable and responsible infrastructure development through Public Private Partnership ("**PPP**"), which results from its expertise in concept innovation, risk analytics, construction and operations. It operates primarily through its subsidiary, HCC Concession which directly holds our infrastructure concessions and is engaged in developing BOT road projects under the PPP model and is involved in the business of designing, financing, building and operating transport projects. Certain key projects completed by us include the Nirmal Annuity (part of National Highway 7), the Badarpur Faridabad Elevated Expressway (part of National Highway 2) and the Dhule Palesner Highway (part of National Highway 3) and some of our major ongoing projects include the Baharampore Farakka Highway (part of National Highway 34) and Farakka-Raiganj Highway (part of National Highway 34). Both these projects are substantially complete.

Real estate

HREL, a wholly owned subsidiary of our Company, is the real estate arm of the group and undertakes the development of real estate and urban development and management projects, including developing commercial property and undertaking slum rehabilitation programmes. A key project completed by us is 247 Park, Mumbai.

Comprehensive urban development and management

LCL, a subsidiary of HREL, is engaged in the urban development and management of a planned hill city at Lavasa near Pune in the State of Maharashtra. On August 30, 2018, the National Company Law Tribunal has admitted a petition filed by an operational creditor of LCL to initiate the corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016. For details, see "*Risk Factors - The corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 has been initiated against LCL, our Subsidiary*" and "*Outstanding Litigation and Defaults*" beginning on page 15.

Other activities

Turnkey development and construction contract services

Steiner AG in Switzerland ("**Steiner**"), a wholly owned subsidiary of our Company is engaged in turnkey development and construction contract services of new buildings and refurbishment projects in Switzerland. Steiner is also engaged in real estate development. Steiner AG also operates in India through its wholly owned subsidiary Steiner India.

Restructuring of borrowings under Corporate Debt Restructuring Scheme and Scheme for Sustainable Structuring of Stressed Assets

In 2012, our Company restructured its debt under the Corporate Debt Restructuring ("**CDR**") mechanism. Our Company received the letter of approval dated June 29, 2012 issued by the Corporate Debt Restructuring Empowered Group approving the CDR Scheme pursuant to which our Company executed certain CDR related documents, including in relation to creation of security. Additionally, in 2016, our Company entered into a Scheme for Sustainable Structuring of Stressed Assets ("**S4A Scheme**"). The Joint Lender's Forum adopted the S4A Scheme with a reference date of July 12, 2016. The S4A Scheme was duly approved by the RBI mandated Overseeing Committee on November 4, 2016. Under the S4A Scheme, our Company's total debts amounting to ₹ 5,107 crores as on October 1, 2016 have been bifurcated into sustainable debt, to be serviced as per the existing terms and conditions of those debts, and the remainder debts (to the extent of 47.5% of the fund-based exposure of our Company) have been given the option to convert into fully paid-up Equity Shares in favour of the lenders by following the principle of proportionate loss and balance in OCDs collectively in favour of the lenders. The implementation of the S4A Scheme and the consequent allotment of equity shares and OCDs have been made in respect of all lenders barring a few, who will be allotted equity shares and OCDs once they exercise their option. The number of equity shares or OCDs to be allotted will be determined based on the share price prevailing at the time of such allotment. For further details, see "*Capital Structure – OCDs*" on page 69.

Clients

Most of our large-scale contracts in India are with the central government or with governmental organizations for the execution of infrastructure development projects. Our top five customers (based on total revenue) for Fiscal 2018, 2017 and 2016 accounted for 18.26%, 24.81% and 27.27% of our total revenue, respectively. We also undertake projects for private clients, in which case the project may be on either a competitive bidding basis or a negotiated deal basis.

Employees

As of June 30, 2018, we had over 2,300 employees on our payroll. Additionally, we enter into contracts with sub-contractors to engage workmen on a contract labour basis from time to time.

Quality Management, Environment, Health and Safety

We believe in the importance of quality construction and project implementation. To this end, we have adopted an "Integrated Management System" towards quality, environment, health and safety in our business practices.

Further, we are certified for ISO 9001, ISO 14001 and OHSAS 18001 for quality, environmental and occupational health and safety management systems.

Competition

Most large-scale power and infrastructure contracts are awarded by the central government and various state governments, which require a competitive bidding process and pre-qualification of contractors to ensure the technical ability to implement such projects. Although there are many qualified competitors in certain market sectors, there are only a few Indian engineering and construction companies with the requisite capacity and experience to complete large industrial or infrastructure works on demanding schedules. Across our segments, these companies include Larsen & Toubro Limited, Gammon India Limited, Patel Engineering, Nagarjuna Construction Company Limited, Simplex Infrastructure and IVRCL Infrastructure and Projects Limited. Among companies that qualify for a given project, competition is primarily based on price. As a result, the bidding processes for power and infrastructure-related contracts awarded by the Central and State Governments continue to be very competitive. Despite our history of successfully implementing large-scale engineering and construction projects, some of our competitors may be more experienced in the development and operation of engineering, procurement and construction and BOT projects, which are some of our target project types.

Insurance

We maintain a range of insurance policies to cover assets and operations, including property insurance, various liability and indemnity insurances, personal accident insurance, health insurance for our employees and terrorism insurance. A majority of our insurance policies are provided by public sector insurance companies. We also maintain comprehensive directors' and officers' liability insurance. We believe that the amount of insurance coverage that we maintain is consistent with general practices in our industry and represents the appropriate level of coverage required to insure our business.

Awards and recognitions

In 2018 and 2017, we received the Infosec Maestros award for IT Security Solutions. In 2017, in respect of our Sainj Hydro Power Project, we won the EPC World Awards 2017 for 'Outstanding Contribution in Power Generation' under infrastructure category, the Dun & Bradstreet Everest Industries Limited for 'Winner of Infra Awards 2017', the Construction Times Awards 2017 for 'Best Executed Hydropower Project of the Year' and CIDC Vishwakarma Award 2017 for 'Best Construction Project'.

Properties

Our registered and corporate office is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai 400 083. We lease the premises for our Indian and Swiss offices.

OUR MANAGEMENT

Board of Directors

Our Board of Directors presently consists of 10 Directors including one Chairman and Managing Director, two Whole-Time Directors, one Non-Executive Director, one Nominee Director, and five Independent Directors. The Articles of Association provide that our Company shall not have less than three Directors and not more than 15 Directors, unless otherwise determined by our Company in our general meeting.

The following table sets forth details regarding our Board of Directors as of the date of this Draft Letter of Offer:

Sr. No.	Name	Age (years)	Other directorships
1.	**Ajit Gulabchand** ***Designation**:* Chairman and Managing Director ***Address***: 94, NCPA Apartments, 1, Sir Dorab Tata Road, Nariman Point, Mumbai 400 021 ***DIN***: 00010827 ***Term***: Appointed for a period of five years with effect from April 1, 2018 ***Occupation***: Business ***Nationality***: Indian	70	• Champali Garden Private Limited; • Gulabchand Foundation; • HCC Mauritius Enterprises Limited; • HCC Mauritius Investment Limited; • Hincon Finance Limited; • Hincon Holdings Limited; • Shalaka Investment Private Limited; • Steiner AG, Switzerland; • The Indian Hume Pipe Company Limited; and • Western Securities Limited.
2.	**Shalaka Gulabchand Dhawan** ***Designation**:* Whole-Time Director ***Address***: 5B Rizvi Park, 5A Altamount Road, Mumbai 400 026 ***DIN***: 00011094 ***Term***: Appointed for a period of 5 years with effect from April 30, 2015 ***Occupation***: Company Executive ***Nationality***: Indian	41	• Champali Garden Private Limited; • Dhawan Management Private Limited; • Gulabchand Foundation; • HCC Mauritius Investment Limited; • Highbar Technologies Limited; • Hincon Finance Limited; • Hincon Holdings Limited; • Steiner AG; and • Western Securities Limited.
3.	**Arjun Dhawan** ***Designation**:* Group CEO and Whole-	42	• Arya Capital Management Private Limited;

Sr. No.	Name	Age (years)	Other directorships
	Time Director ***Address***: 5B Rizvi Park, 5A Altamount Road, Mumbai 400 026 ***DIN***: 01778379 ***Term***: Appointed for a period of five years with effect April 1, 2017 ***Occupation*****:** Service ***Nationality***: Indian		• AVG Hotels Private Limited; • Baharampore-Farakka Highways Limited; • Dhawan Management Private Limited; • Farakka-Raiganj Highways Limited; • HCC Concessions Limited; • Laguna Farms Private Limited; • Maharani Guest House Private Limited; • Raiganj-Dalkhola Highways Limited; and • Steiner India Limited.
4.	**Rajas Ratanchand Doshi** ***Designation****:* Independent Director ***Address***: 33, Las Palmas, Little Gibbs Road, Malabar Hill, Mumbai 400 006 ***DIN***: 00050594 ***Term***: Appointed for a term with effect from March 17, 2015 up to the conclusion of the 93rd Annual General Meeting to be held in the calendar year 2019 ***Occupation***: Business ***Nationality***: Indian	67	• IHP Finvest Limited; • Mobile Systems India Private Limited; • Modern India Limited; • Prestressed Concrete Pipe Manufacturers Association of India; • Raj Jyoti Trading And Investment Private Limited; • Ratanchand Hirachand Foundation; • Ratanchand Investment Private Limited; • Smt. Pramila Shantilal Shah Charity Foundation; • The Indian Hume Pipe Company Limited; and • Walchand Hirachand Foundation.
5.	**Ram Pravinchand Gandhi** ***Designation****:* Independent Director ***Address***: Amalfi F-4, 6th floor, 15, L.D. Ruparel Marg, Malabar Hill, Mumbai 400 006 ***DIN***: 00050625 ***Term***: Appointed for a term of three years with effect from the conclusion of the 91st	66	• Beacons Private Limited; • Edufuel Private Limited; • IMC Chamber of Commerce and Industry; • Janmabhoomi News Papers Education Foundation;

<table>
<tr><th>Sr. No.</th><th>Name</th><th>Age (years)</th><th>Other directorships</th></tr>
<tr><td></td><td>Annual General Meeting up to the conclusion of the 94th Annual General Meeting to be held in the calendar year 2020

Occupation: Business

Nationality: Indian</td><td></td><td>• Pravin Chandra Private Limited;
• The States People Private Limited; and
• Young Buzz India Limited.</td></tr>
<tr><td>6.</td><td>Sharad Madhav Kulkarni

Designation: Independent Director

Address: 161 A, Twin Towers, 16th floor, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025

DIN: 00003640

Term: Appointed for a term of three years with effect from the conclusion of the 91st Annual General Meeting up to the conclusion of the 94th Annual General Meeting to be held in the calendar year 2020

Occupation: Consultant and Corporate Advisor

Nationality: Indian</td><td>79</td><td>• Bayer Crop Science Limited;
• Camlin Fine Sciences Limited;
• JM Financial Trustee Company Private Limited;
• KEC International Limited; and
• Navin Fluorine International Limited.</td></tr>
<tr><td>7.</td><td>Anil Chandanmal Singhvi

Designation: Independent Director

Address: 131A, Twin Tower, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025

DIN: 00239589

Term: Appointed for a term with effect from March 17, 2015 up to the conclusion of the 93rd Annual General Meeting to be held in the calendar year 2019

Occupation: Consultant

Nationality: Indian</td><td>59</td><td>• Institutional Investor Advisory Services India Limited;
• IIAS Research Foundation;
• Subex Limited;
• Greatship (India) Limited;
• Deepak Fertilisers And Petrochemicals Corporation Limited;
• Assets Care & Reconstruction Enterprise Limited;
• Foundation For Liberal And Management Education;
• Ican Investments Advisors Private Limited; and
• Steiner AG.</td></tr>
<tr><td>8.</td><td>Harsha Bangari</td><td>48</td><td>Nil</td></tr>
</table>

Sr. No.	Name	Age (years)	Other directorships
	Designation**:* Nominee Director ***Address: Flat No. 1602, Wallace Apartments, # 1, Sleater Road, Grant Road (West) Mumbai 400 007 ***DIN***: 1807838 ***Term***: In accordance with the Companies Act, 2013, with effect from July 31, 2014 ***Occupation***: Service ***Nationality***: Indian		
9.	**Dr. Omkar Goswami** ***Designation**:* Independent Director ***Address***: E-121, Masjid Moth, Greater Kailash Part -3, New Delhi 110 048 ***DIN***: 00004258 ***Term***: Appointed for a term with effect from April 30, 2015 up to the conclusion of the 93rd Annual General Meeting to be held in the calendar year 2019 ***Occupation***: Economist and Consultant ***Nationality***: Indian	62	• Ambuja Cements Limited; • Bajaj Auto Limited; • Bajaj Finance Limited; • CERG Advisory Private Limited; • CG Power And Industrial Solutions Limited; • Dr. Reddy's Laboratories Limited; • DSP Blackrock Investment Managers Private Limited; • Godrej Consumer Products Limited; and • Max Healthcare Institute Limited.
10.	**N.R. Acharyulu** ***Designation**:* Non-Executive Director ***Address***: Tower 2A, Flat No. 301, 302, Siddachal Phase VI, Pokharan Road No. 2, Thane (West), Mumbai 400 607 ***DIN***: 02010249 ***Term***: Liable to retire by rotation ***Occupation***: Engineer ***Nationality***: Indian	74	• Eco Carbon Private Limited; and • Steiner India Limited.

Relationship with other Directors

(i) Shalaka Gulabchand Dhawan is the daughter of Ajit Gulabchand; (ii) Shalaka Gulabchand Dhawan is the wife of Arjun Dhawan; and (iii) Arjun Dhawan is the son in law of Ajit Gulabchand.

Biographies of our Directors

Ajit Gulabchand is the Chairman and Managing Director of our Company. He holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay. He has experience of over 43 years in the engineering, construction and infrastructure industry. He has been associated with our Company since 1983. He is the chairman of Steiner AG. Previously, he has been associated with the International Federation of Asian and Western Pacific Contractors' Associations as their president. Currently, he is a member of Governor's Steering Board of Infrastructure and Urban Development Community at the World Economic Forum, Geneva; UK India Business Council Advisory Council; and the advisory board of the United Nations Disaster Risk Reduction – Private Sector Advisory Group and also serves as a director on the boards of various other companies. He is also associated with the governing council of the Construction Skills Development Council of India as its chairman and the Construction Federation of India as its president. He is the first Asian signatory to endorse the United Nations' Global Compact's CEO Water Mandate in March 2008. He has been awarded the Infrastructure Leader of the Year in 2009 from CNBC TV18.

Shalaka Gulabchand Dhawan is a Whole-Time Director of our Company. She holds a bachelor's degree in arts (international relations) from Boston University, USA. She has over 18 years of experience in the construction sector. She has been associated with our Company since 2000 and became vice president-business development in 2007 before being elevated as a Board member. She is on the board of the National Institute of Construction Management and Research (NICMAR). She is also involved in philanthropy in the area of education and healthcare through the Gulabchand Foundation.

Arjun Dhawan is the Group CEO and Whole-Time Director of our Company. He holds a bachelor's degree in mathematics and economics from Middlebury College and a master's degree in business administration from Harvard Business School. He served as CEO and president of HCC Infrastructure from November 2009 till March 2017, where he led the incubation of HCC's concessions business. He has served as chairman of HCC Concessions Limited since October 2010 and is on the boards of various HCC group companies. He has also been a director of Arya Capital Management Private Limited since November 2007. Prior to starting his career at HCC as director of Arya Capital Management in Mumbai and formerly with Trellus Management Company, he managed portfolios of equity investments. Earlier with Banc of America Securities, he helped build a proprietary investment group focused on distressed strategic assets. He began his career as an investment banker in the Leveraged Finance Groups of Donaldson, Lufkin & Jenrette and Credit Suisse First Boston (New York). His transaction experience covers leveraged buyout, high yield M&A and equity transactions in the healthcare, media, telecom, automotive, energy and technology industries. He is a member of the World Economic Forum and the Confederation of Indian Industry, where he is currently serving as Co-Chair of CII's National Committee on Construction.

Rajas Ratanchand Doshi is an Independent Director of our Company. He holds a bachelor's degree in civil engineering from Walchand College of Engineering, Sangli. He has experience in the engineering sector. He has been associated with our Company since 1993. Currently, he is the chairman and managing director of The Indian Hume Pipe Company Limited. He also serves as a director on the boards of certain other companies and as a trustee and director of certain charitable institutions.

Ram Pravinchand Gandhi is an Independent Director of our Company. He holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay. He has experience in international trade. He has been associated with our Company since 1999. Previously, he has been associated with the Indian Merchants' Chamber as its president. Currently, he is a member of the board of the General Council of ICC World Chambers Federation.

Sharad Madhav Kulkarni is an Independent Director of our Company. He holds a bachelor's degree in civil engineering from the College of Engineering, University of Pune and is also a fellow member of the Institution of Engineers (India). He has experience of over 53 years in business development, international alliance management, strategic planning and venture funding. He has been associated with our Company since 2001. Previously, he has also served as a member of the Asia Pacific Advisory Boards of US based multinational Companies. Currently, he is associated with several non-governmental organisations and educational trusts in various capacities and also serves as a director on the boards of certain other companies.

Anil Chandanmal Singhvi is an Independent Director of our Company. He is a chartered accountant. He has experience of over 30 years in the corporate sector during which time he has also been associated with Ambuja Cements Limited as its managing director. He has been associated with our Company since 2007. He founded Institutional Investor Advisory Services India Limited, a proxy advisory company for institutional investors.

Currently, he acts as a consultant to certain corporate organisations and private equity firms in India. He is also associated with SAMPARC, a non-governmental organisation.

Harsha Bangari is a Nominee Director of our Company. She holds a bachelor's degree in commerce from M.L. Dahanukar College of Commerce, University of Bombay. She is a chartered accountant from the Institute of Chartered Accountants of India. She has experience of over 22 years in the financial sector. She has been associated with our Company since 2014. Currently, she serves as the chief general manager at Export–Import Bank of India and is a member of Export–Import Bank of India's committee of executives, credit risk management committee, asset liability management committee, funds management committee, product pricing committee, loan evaluation committee, project evaluation committee, equity investments committee, complaints committee, integrated risk management committee, responsible financing committee, customer service committee, fraud monitoring group, stressed asset sale identification committee and the committee for examining staff accountability.

Dr. Omkar Goswami is an Independent Director of our Company. He holds a master's degree in economics from the Delhi School of Economics and a doctorate in philosophy from Oxford University. He has experience in several sectors and industries. He has been associated with our Company since 2015. Previously, he has taught in several academic institutions in India and abroad and has been associated with the Confederation of Indian Industry as the Chief Economist. Currently, he serves as the executive chairman of CERG Advisory Private Limited, a consulting and advisory firm. He has authored various books and research papers on economic history, industrial economics, public sector, bankruptcy laws and procedures, economic policy, corporate finance, corporate governance, public finance, tax enforcement and legal reforms.

N.R. Acharyulu is a Non-Executive Director of our Company. He holds a bachelor's degree in mechanical engineering from Andhra University. He is a fellow member and a certified chartered engineer of the Institution of Engineers (India). He has experience of over 48 years in the construction sector. He has been associated with our Company since 1970. During his career with HCC, he became the chief operating officer in 2012 and then became the chief business development offer before being elevated as a Board member.

Confirmations

1. None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on BSE or NSE, during the term of their directorship in such company.

2. None of our Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Service agreements with the Directors

No service contracts have been entered into by the Directors with our Company providing for benefits upon termination of employment.

Arrangement or understanding with major shareholders, customers, suppliers or others

Except Harsha Bangari who was appointed on our Board by Exim Bank pursuant to the provisions of the loan documentation entered into between Exim Bank and our Company and the appointment letter dated January 29, 2014, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which our Company has appointed a director or a member of the senior management, as of the date of this Draft Letter of Offer.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of Hindustan Construction Company Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also

includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

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

Qualified Opinion

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

Emphasis of Matters

10. We draw attention to:

    a) Note 33(b) to the standalone financial statements regarding the Company's non-current investment in a subsidiary company, non-current loans and other non-current financial assets due from such subsidiary aggregating ₹ 2.24 crore, ₹ 1,281.40 crore, ₹ 158.18 crore, respectively, as at 31 March 2018. The consolidated net-worth of the aforesaid subsidiary has been fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable. Our opinion is not qualified in respect of this matter.

b) Note 34 to the standalone financial statements regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 686.24 crore, ₹ 123.29 crore and ₹ 214.38 crore, respectively, as at 31 March 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/discussions/arbitration/litigation. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in the accompanying standalone financial statements. Our opinion is not qualified in respect of this matter.

c) Note 26.1 and 26.3 to the standalone financial statements regarding remuneration of ₹ 10.66 crore paid for each of the financial years ended 31 March 2014 and 31 March 2016 to the Chairman and Managing Director (CMD), which is in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956/ Companies Act, 2013, respectively and for which the Company has filed an application for review / an application, respectively with the Central Government; however approval in this regard is pending till date. Our opinion is not qualified in respect of this matter.

Other Matter

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

Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

    a) we have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) the standalone financial statements dealt with by this report are in agreement with the books of account;

d) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

e) the matters described in paragraphs 8, 10(a) and 10(b) under the Basis for Qualified Opinion/Emphasis of Matters paragraphs, in our opinion, may have an adverse effect on the functioning of the Company;

f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;

h) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as at 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 3 May 2018 as per Annexure II expressed a qualified opinion;

i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in Notes 6.1, 32 A(i) to (iii) and 34 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

   ii. except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Company, as detailed in Note 18.1 to the standalone financial statements, has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

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

Place: Mumbai
Date: 3 May 2018

Annexure I 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 2018

Annexure I

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has granted unsecured loans to four companies covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of such loans are not, prima facie, prejudicial to the Company's interest;

(b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether repayments/receipts of the principal amount and the interest are regular;

(c) in the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act, to the extent applicable, in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, good and service tax (GST), cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

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

Name of the statute	Nature of dues	Amount (₹ in Crore)	Period to which the amount relates	Due Date	Date of Payment
The Sales Tax Act	Sales Tax/Value Added Tax/Entry Tax	0.17	April 2016 to August 2016	Various due dates	Not paid till date
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	1.44	April 2017 to August 2017	Various due dates	

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

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in Crore)	Amount Paid Under Protest (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	15.54	15.54	A.Y. 2006-2007 to 2010-2011	Income Tax Appellate Tribunal
		2.47	2.47	AY 2015-16	Commissioner of Income Tax (Appeals)
The Sales Tax Act	Sales Tax/ Value Added Tax/ Entry Tax	4.70	-	A.Y. 1997-98 and A.Y. 2012-13	High Court
		56.36	0.49	A.Y.1996-97 to A.Y. 2000-01, A.Y. 2005-06, A.Y. 2006-07 and A.Y. 2013-14 to 2015-16	Tribunal
		92.96	2.88	A.Y 2002-03 and A.Y 2004-05 to A.Y 2013-14	Commissioner level up to Appellate Authority
The Finance Act, 1994	Service tax including interest and penalty, as applicable	314.44	-	January 2006 to March 2015	Taxation Tribunal
		56.76	1.73	April 2011 to March 2013	Commissioner level up to Appellate Authority

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

(₹ in crore)

Particulars	Days	Principal	Interest	Total
Debenture Holders				
Axis - Non Convertible Debentures	0-30	5.33	2.92	8.25
	31-90	2.67	1.54	4.21
	91-180	2.67	1.47	4.14
Banks				
Axis Bank	0-30	1.33	7.74	9.07
	31-90	3.33	3.09	6.43
	91-180	3.33	0.24	3.58
Bank of Baroda	0-30	1.39	1.67	3.06
	31-90	0.69	0.15	0.85
Bank of Maharashtra	0-30	-	1.01	1.01
	31-90	0.67	0.33	1.01
	91-180	0.67	0.33	1.00
Canara Bank	0-30	-	6.08	6.08
	31-90	17.20	6.76	23.97
	91-180	8.60	6.42	15.02
	181-365	-	1.11	1.11
Central Bank of India	0-30	1.11	2.76	3.87
	31-90	2.97	0.37	3.33
Development Bank of Singapore	0-30	-	1.05	1.05
	31-90	2.54	0.59	3.12
	91-180	2.54	0.94	3.47
	181-365	2.54	0.04	2.58
Federal Bank	0-30	0.55	1.12	1.67
	31-90	-	0.03	0.03
IDBI Bank	0-30	18.03	12.06	30.09
	31-90	6.01	3.71	9.72
Indian Overseas Bank	0-30	2.12	4.18	6.30
	31-90	-	0.89	0.89
	91-180	2.12	-	2.12
Oriental Bank of Commerce	0-30	-	0.44	0.44
	31-90	1.67	0.13	1.80
	91-180	3.34	-	3.34
Punjab National Bank	0-30	1.01	0.95	1.97
	31-90	3.04	1.18	4.21
	91-180	-	0.30	0.30
State Bank of Hyderabad	0-30	1.06	1.75	2.81
	31-90	-	0.65	0.65
State Bank of Mysore	0-30	2.21	3.20	5.41
	31-90	-	1.88	1.88

(₹ in crore)

Particulars	Days	Principal	Interest	Total
State Bank of Travancore	0-30	0.32	0.57	0.89
	31-90	-	0.18	0.18
Syndicate Bank	0-30	8.62	7.34	15.96
	31-90	4.31	2.02	6.33
	91-180	-	1.13	1.13
Union Bank of India	0-30	2.16	2.20	4.36
	31-90	-	0.03	0.03
United Bank of India	0-30	6.66	8.59	15.25
	31-90	6.66	4.55	11.21
	91-180	6.66	3.23	9.89
Financial Institutions				
Export Import Bank of India	0-30	11.13	14.97	26.10
	31-90	3.57	8.90	12.47
	91-180	7.56	2.53	10.09
Industrial Finance Corporation of India	0-30	-	4.55	4.55
	31-90	6.76	2.20	8.95
	91-180	3.38	1.48	4.86
National Bank of Agriculture and Development	0-30	-	0.87	0.87
	31-90	2.10	0.87	2.97
	91-180	2.10	0.85	2.95
SREI Equipment Finance Limited	0-30	2.54	4.21	6.76
	31-90	2.54	1.14	3.69
	91-180	-	1.12	1.12

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

(₹ in crore)

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

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures except for allotment of equity shares and optionally convertible debentures during the year to a lender pursuant to the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme) adopted by the Joint Lender's Forum as stated in notes 15(g) and 16.1 to the standalone financial statements. In respect of the same, in our opinion, the Company has complied with the requirements of Section 42 of the Act and Rules framed thereunder.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place: Mumbai
Date: 3 May 2018

Annexure II 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 2018

Annexure II

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

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

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified opinion

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

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

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

Qualified Opinion

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

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

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

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

Place: Mumbai
Date: 3 May 2018

Hindustan Construction Company Limited
Standalone Balance Sheet as at 31 March 2018

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

Hindustan Construction Company Limited

Standalone Statement of Profit and Loss for the year ended 31 March 2018

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

Hindustan Construction Company Limited
Standalone Cash Flow Statement for the year ended 31 March 2018

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**111.97**	96.96
Adjustments for		
Depreciation and amortisation expense	**122.94**	125.28
Finance costs	**659.97**	772.37
Interest income	**(246.17)**	(220.42)
Trade receivables and unbilled work in progress written off (exceptional item)	**-**	35.97
Gain on restructuring of debts	**-**	(14.75)
Share issue expenses	**-**	4.02
Dividend income	**(0.03)**	(0.03)
Profit on sale of investment	**(0.03)**	-
Unrealised foreign exchange loss/ (gain) (net)	**10.44**	(11.77)
Loss on sale of property, plant and equipment (net)	**0.57**	2.35
Excess provision no longer required written back	**(1.72)**	(2.15)
	545.97	690.87
Operating profit before working capital changes	**657.94**	787.83
Adjustments for changes in working capital:		
(Increase)/ Decrease in trade receivables	**(257.28)**	(886.42)
(Increase)/ Decrease in loans and advances / other advances	**524.36**	23.66
(Increase)/ Decrease in inventories	**53.98**	(59.84)
Increase/ (Decrease) trade and other payables	**450.30**	243.50
Increase in provisions	**18.42**	5.62
Increase/ (Decrease) in advance from contractees	**(57.03)**	543.61
	732.75	(129.87)
Cash generated from operations	**1,390.69**	657.96
Direct taxes paid (net of refunds received)	**(73.06)**	(18.48)
Net cash generated from operating activities	**1,317.63**	639.48
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(12.80)**	(207.88)
Proceeds from sale of property, plant and equipment	**11.29**	12.33
Proceeds from sale of long-term investments	**0.03**	-
Inter corporate deposits given	**(21.14)**	-
Inter corporate deposits recovered	**7.10**	
Net proceeds from/ (investments in) bank deposits (having original maturity of more than three months)	**(35.85)**	0.48
Interest received	**1.60**	0.30
Dividend received	**0.03**	0.03
Net cash used in investing activities	**(49.74)**	(194.74)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including securities premium)	**19.80**	808.56
Proceeds from/ (repayments of) long-term borrowings (net)	**(550.43)**	229.11
Repayments of short-term borrowings (net)	**(120.88)**	(901.31)
Inter-corporate deposits taken	**0.02**	0.25
Interest and other finance charges	**(571.92)**	(569.18)
Share issue expenses	**-**	(4.02)
Dividend paid	**(0.16)**	(0.18)
Net cash used in financing activities	**(1,223.57)**	(436.77)
Net increase in cash and cash equivalents (A+B+C)	**44.32**	7.97
Cash and cash equivalents at the beginning of the year	**77.64**	69.66
Unrealised foreign exchange gain	**0.07**	0.01
Cash and cash equivalents at the end of the year (Refer note 13)	**122.03**	77.64

Hindustan Construction Company Limited
Standlaone Statement of Changes in Equity as at and for the year ended 31 March 2018

a) Equity share capital

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

b) Other equity

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

Nature and purpose of reserves

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

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

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

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

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

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

vii. Net gain/ (loss) on fair value of equity instruments
The Company has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the OCI reserve within other equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Note 1 Corporate Information

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

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

Note 2.1 Significant Accounting Policies

i Basis of Preparation

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

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

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

ii Operating cycle for current and non-current classification:

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

iii Accounting Estimates

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

iv Key estimates and assumptions

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

a. Contract estimates

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

b. Recoverability of claims

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

c. Valuation of investment in/ loans to subsidiaries/joint ventures

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

d. Deferred tax assets

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

e. Defined benefit plans

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

v Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

vi Property, Plant and Equipment (Tangible Assets)

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

Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

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

vii Intangible Assets

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

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

viii Depreciation and amortisation

Depreciation and amortisation is provided as follows:

a In respect of buildings and sheds, on the written down value basis considering the useful lives prescribed in Schedule II to the Act.

b In respect of furniture and fixtures, office equipment, computers, plant and equipment, heavy vehicles, light vehicles and speed boat on straight line basis at rates determined on the basis of useful lives prescribed in Schedule II to the Act, on a pro-rata basis. However, certain class of plant and machinery used in construction projects are depreciated on a straight line basis considering the useful life determined based on the technical evaluation and the management's experience of use of the assets, that is a period of two to twelve years, as against the period of nine to twenty years as prescribed in Schedule II to the Act.

c In respect of helicopter and aircraft, on straight line basis considering the useful life, that is a period of eighteen years and fourteen years, respectively, determined based on the technical evaluation and the management's experience of use of the assets, as against the period of twenty years as prescribed in Schedule II to the Act.

d Leasehold improvements are amortised over the useful lives prescribed in Schedule II to the Act or the period of lease, whichever is lower.

e Software and implementation costs including users license fees and other application software costs are amortised on a straight line basis, from the date they are available for use, over their estimated useful lives that is a period of three to five years.

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

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

ix Financial Instruments

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

a Financial Assets

i) Initial Recognition

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

ii) Subsequent Measurement

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

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

- **Financial Assets Measured at Fair Value**
  Financial assets are measured at fair value through Other Comprehensive Income ('OCI') if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

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

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

iii) Impairment of Financial Assets

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

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

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

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

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

iv) De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

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

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

b Equity Instruments and Financial Liabilities

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

i) Equity Instruments

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

ii) Financial Liabilities

- Initial Recognition

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

- Subsequent Measurement

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

- Financial liabilities at FVPL

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

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

- **Financial liabilities at amortised cost**

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

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

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

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

- **De-recognition of Financial Liabilities**

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

c Offsetting Financial Instruments

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

x Employee Benefits

a Defined Contribution Plan

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

b Defined Benefit Plan

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

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

c Leave entitlement and compensated absences

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

d Short-term Benefits

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

xi Inventories

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

xii Cash and Cash Equivalents

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

xiii Segment Reporting

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

xiv Borrowing Costs

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

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

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

a Initial Recognition

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

b Conversion

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

c Treatment of Exchange Difference

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

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

xvi Revenue Recognition

Revenue from operations

a. Revevnue from Construction Contracts

The Company follows the percentage completion method, based on the stage of completion at the Balance Sheet date, taking into account the contractual price and revision thereto by estimating total revenue including claims/variations as per Ind AS 11, Construction Contracts, and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

Revenue is recognised as follows:
- In case of item rate contracts on the basis of physical measurement of work actually completed, at the Balance Sheet date.
- In case of Lump sum contracts, revenue is recognised on the completion of milestones as specified in the contract or as identified by the management. Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.

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

b Accounting of Supply Contracts-Sale of Goods

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

c Accounting for Claims

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

Other Income

a Interest Income

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

b Dividend Income

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

c Other Income

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

xvii Interest in Joint Arrangements

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

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

xviii Income Tax

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

a Current Income Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Deferred Income Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

xix Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

xx Impairment of Non-Financial Assets

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xxi Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

xxii Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

xxiii Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xxiv Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

xxv Share Issue Expenses

Share issue expenses are charged off against available balance in the Securities premium reserve.

xxvi Share Based Payments

Certain employees of the Company are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest using fair value in accordance with Ind-AS 102, Share based payment.

xxvii Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

Note 2.2 Recent accounting pronouncements

1) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

2) Ind AS 115, Revenue from Contract with Customers:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch - up approach)

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant

Note 3 Property, plant and equipment

(₹ crore)

Particulars	Freehold land	Leasehold improvements	Building and sheds	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Helicopter/ Aircraft	Speed boat	Computers	Total
Net carrying value (at deemed cost)											
As at 1 April 2016	8.68	6.97	12.08	498.47	6.18	31.62	0.59	119.42	0.93	2.08	687.02
Additions	-	-	6.44	39.11	-	0.19	3.61	-	-	0.79	50.14
Disposals	-	-	-	(13.99)	(0.09)	(0.14)	(0.44)	-	-	(0.02)	(14.68)
Adjustments	-	(6.97)	-	(2.17)	6.97	-	-	(1.05)	-	-	(3.22)
As at 31 March 2017	**8.68**	**-**	**18.52**	**521.42**	**13.06**	**31.67**	**3.76**	**118.37**	**0.93**	**2.85**	**719.26**
Additions	-	-	2.97	125.14	0.01	7.90	0.03	-	-	0.69	136.74
Disposals	-	-	(0.55)	(48.61)	-	(3.41)	(0.30)	-	-	(1.70)	(54.57)
Adjustments	-	-	-	0.30	-	-	-	0.23	-	-	0.53
As at 31 March 2018	**8.68**	**-**	**20.94**	**598.26**	**13.07**	**36.16**	**3.49**	**118.60**	**0.93**	**1.84**	**801.96**
Accumulated depreciation											
As at 1 April 2016	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	1.83	1.03	98.04	1.33	10.42	0.29	10.55	0.11	1.10	124.70
Accumulated depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	(1.83)	-	-	1.83	-	-	-	-	-	-
As at 31 March 2017	**-**	**-**	**1.03**	**98.04**	**3.16**	**10.42**	**0.29**	**10.55**	**0.11**	**1.10**	**124.70**
Depreciation charge	-	-	1.93	98.28	2.44	7.12	0.70	10.57	0.10	1.23	122.37
Accumulated depreciation on disposals	-	-	(0.34)	(37.19)	-	(3.22)	(0.28)	-	-	(1.68)	(42.71)
As at 31 March 2018	**-**	**-**	**2.62**	**159.13**	**5.60**	**14.32**	**0.71**	**21.12**	**0.21**	**0.65**	**204.36**
Net carrying value											
As at 31 March 2017	8.68	-	17.49	423.38	9.90	21.25	3.47	107.82	0.82	1.75	594.56
As at 31 March 2018	**8.68**	**-**	**18.32**	**439.12**	**7.47**	**21.84**	**2.78**	**97.48**	**0.72**	**1.19**	**597.60**

Net carrying value	**31 March 2018**	31 March 2017
Property, plant and equipment	**597.60**	594.56
Capital work-in-progress	**160.38**	187.18

Note 4 Intangible assets

(₹ crore)

Particulars	Computer software	Total
Gross carrying value		
As at 1 April 2016	1.49	1.49
Additions	-	-
Disposals	-	-
As at 31 March 2017	**1.49**	**1.49**
Additions	-	-
Disposals	-	-
As at 31 March 2018	**1.49**	**1.49**
Accumulated amortisation		
As at 1 April 2016	-	-
Amortisation charge	0.58	0.58
As at 31 March 2017	**0.58**	**0.58**
Amortisation charge	0.57	0.57
As at 31 March 2018	**1.15**	**1.15**
Net carrying value		
As at 31 March 2017	0.91	0.91
As at 31 March 2018	**0.34**	**0.34**

Net carrying value	**31 March 2018**	31 March 2017
Intangible assets	**0.34**	0.91

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 5 Non-current investments		
I. Investments valued at deemed cost, fully paid up		
Investments in equity shares		
i) In subsidiary companies in India	**644.75**	644.75
ii) In subsidiary companies outside India	**34.55**	34.55
iii) In other companies	**-**	0.00 *
II. Investments valued at amortised cost		
Investment in preference shares		
- In a subsidiary company In India	**0.00 ***	0.00 *
III. Investments in equity shares in others carried at fair value through OCI, fully paid up	**24.12**	39.33
	703.42	718.63

Note 5.1 Detailed list of non-current investments

	As at 31 March 2018 Unquoted ₹ crore	**As at 31 March 2018 Quoted ₹ crore**	As at 31 March 2017 Unquoted ₹ crore	As at 31 March 2017 Quoted ₹ crore
I. Investments valued at deemed cost, fully paid up				
a) Investments in equity shares:				
i) In subsidiary companies in India				
- HCC Real Estate Limited [Refer note 33 (a)] 66,193,185 (31 March 2017: 66,193,185) equity shares of ₹ 10 each	**612.40**	**-**	612.40	-
- Lavasa Corporation Limited [Refer note 33 (c)] 2,387 (31 March 2017: 2,387) equity shares of ₹ 10 each	**18.43**	**-**	18.43	-
- Highbar Technologies Limited (Refer note 5.2 and 5.3) 6,250,000 (31 March 2017: 6,250,000) equity shares of ₹ 10 each	**6.25**	**-**	6.25	-
- Western Securities Limited 1,957,500 (31 March 2017: 1,957,500) equity shares of ₹ 10 each	**5.38**	**-**	5.38	-
- HCC Infrastructure Company Limited [Refer note 33 (b)] 250,000 (31 March 2017: 250,000) equity shares of ₹ 10 each	**2.24**	**-**	2.24	-
- HCC Construction Limited 50,000 (31 March 2017: 50,000) equity shares of ₹ 10 each	**0.05**	**-**	0.05	-
	644.75	**-**	644.75	-
ii) In subsidiary companies outside India				
- HCC Mauritius Enterprises Limited (Refer note 5.2) 5,005,000 (31 March 2017: 5,005,000) equity shares of USD 1 each	**23.38**	**-**	23.38	-
- HCC Mauritius Investments Limited (Refer note 5.2) 1,000,000 (31 March 2017: 1,000,000) equity shares of USD 1 each	**11.17**	**-**	11.17	-
	34.55	**-**	34.55	-
iii) In other companies				
- Vikhroli Corporate Park Private Limited (VCPPL) Nil (31 March 2017: 260) equity shares of ₹ 10 each	**-**	**-**	0.00 *	-
II. Investments carried at amortised cost				
a) Investment in preference shares				
In a subsidiary company in India				
- Lavasa Corporation Limited [Refer note 33(a)] 28 (31 March 2017: 28) 6% Cumulative Redeemable Preference Shares of ₹ 10 each	**0.00 ***	-	0.00 *	-
III. Investments in equity shares in others carried at fair value through OCI, fully paid up				
- Housing Development Finance Corporation Limited 15,220 (31 March 2017: 15,220) equity shares of ₹ 2 each	**-**	**2.78**	-	2.28
- HDFC Bank Limited 2,500 (31 March 2017: 2,500) equity shares of ₹ 10 each	**-**	**0.47**	-	0.36
- Khandwala Securities Limited 3,332 (31 March 2017: 3,332) equity shares of ₹ 10 each	**-**	**0.01**	-	0.01
- Walchand Co-op. Housing Society Limited 5 (31 March 2017: 5) equity shares of ₹ 50 each	**0.00 ***	**-**	0.00 *	-
- Shushrusha Citizens Co-Op. Hospitals Limited 100 (31 March 2017: 100) equity shares of ₹ 100 each	**0.00 ***	**-**	0.00 *	-
- Hincon Finance Limited 120,000 (31 March 2017: 120,000) equity shares of ₹ 10 each	**20.86**	**-**	36.68	-
	20.86	**3.26**	36.68	2.65
Total non-current investments	**700.16**	**3.26**	715.98	2.65
		703.42		718.63
Details:				
Aggregate of non-current investments:				
(i) Book value of investments	**700.16**	**3.26**	715.98	2.65
(ii) Market value of investments	**-**	**3.26**	-	2.65
(i) Investments carried at cost	**679.30**	**-**	679.30	-
(ii) Investments carried at amortised cost	**0.00** *	**-**	0.00 *	-
(iii) Investments carried at fair value through OCI	**20.86**	**3.26**	36.68	2.65
	700.16	**3.26**	715.98	2.65

Note 5.2 The Company has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by subsidiary companies as indicated below:

Name of the Company	**No. of equity shares pledge**	
	31 March 2018	31 March 2017
Highbar Technologies Limited	**18,75,000**	18,75,000
HCC Mauritius Enterprise Limited	**50,05,000**	50,05,000
HCC Mauritius Investments Limited	**10,00,000**	10,00,000

Note 5.3 The Company has given a "Non Disposal Undertaking" to the lenders of Highbar Technologies Limited to the extent of 3,074,940 (31 March 2017: 3,074,940) equity shares.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 6 Trade receivables		
Unsecured, considered good		
Non-current		
Trade receivables (Refer notes 6.1 and 34) ^	**1,375.13**	1,429.09
[Including retention ₹ 0.79 crore (31 March 2017: ₹ 0.79 crore)		
	----------------	----------------
Total non-current trade receivables	**1,375.13**	1,429.09
Current		
a) Trade receivables (Refer note 34)^^	**2,113.02**	2,071.89
[including retention of ₹ 420.25 crore (31 March 2017: ₹ 364.91 crore)]		
b) Receivables from related parties ^^^ (Refer note 39)	**284.77**	14.66
[including retention of ₹ 13.76 crore (31 March 2017: ₹ 13.76 crore)]		
	----------------	----------------
Total current trade receivables	**2,397.79**	2,086.55
	----------------	----------------
Total trade receivables	**3,772.92**	3,515.64
	========	========

^ Net off advance received against work bill / claims ₹ 200.02 crore (31 March 2017: ₹ 68.14 crore)
^^ Net off advance received against work bill ₹ 1,509.30 crore (31 March 2017: ₹ 375.58 crore)
^^^ Net off advance received against work bill ₹ 439.85 crore (31 March 2017: ₹ 460.98 crore)

Note 6.1 Non-current trade receivables, current trade receivables and other financial assets as at 31 March 2018 include ₹ 1,375.13 crore, ₹ 1,431.49 crore (net of advances ₹ 1,709.31 crore) and ₹ Nil respectively [31 March 2017 : ₹ 1,429.09 crore, ₹ 1,439.38 crore (net of advances ₹ 443.64crore) and ₹ 79.85 crore] representing claims awarded in arbitration in favour of the Company and which have been challenged by the customers in High Courts/ Supreme Court. Current trade receivables include ₹221.51 crore of claims awarded in arbitration which are unchallenged as at 31 March 2018.

As decided by the Cabinet Committee on Economic Affairs (CCEA) (Government of India) during the previous year, in respect of claims where arbitration awards have been decided in favour of the Company but further challenged by clients, the clients shall pay 75% of the arbitral award amount to the Company, in an escrow account, against a bank guarantee (BG). As at 31 March 2018, the Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 2,046.03 crore (31 March 2017: ₹ 1,882 crore), of which the Company has realised ₹ 1,416.10 crore (31 March 2017: ₹ 148.39 crore). The balance amount is presently pending on account of completion of certain formalities by the Company. The Company is also pursuing with customers for issuance of similar payout letters for the balance amounts.

Note 6.2 There are no trade receivables due from any director or any officer of the Company, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

Note 6.3 Trade receivables, except receivables on account of claims awarded in arbitration in favour of the Company, are non-interest bearing and are generally on terms of 30 to 90 days.

Note 7 Loans		
Unsecured, considered good		
Non-current		
a) Loans to subsidiaries (Refer notes 33 and 39)	**1,962.01**	1,736.73
b) Security and other deposits		
- related parties (Refer note 39)	**0.50**	0.50
- others	**3.11**	1.80
	----------------	----------------
Total non-current loans	**1,965.62**	1,739.03
Current		
Security and other deposits	**18.67**	23.27
	----------------	----------------
Total current loans	**18.67**	23.27
	----------------	----------------
Total loans	**1,984.29**	1,762.30
	========	========

Note 7.1 Disclosure pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of loans and advances in the nature of loans
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 the year**	
	As at 31 March 2018	As at 31 March 2017	**Year ended 31 March 2018**	Year ended 31 March 2017
	₹ crore	₹ crore	**₹ crore**	₹ crore
i) HCC Infrastructure Company Limited [Refer note 33 (b)]	**1,281.40**	1,124.36	**1,281.40**	1,130.06
ii) HCC Real Estate Limited (HREL) ^ [Refer note 33 (a)]	**428.19**	380.86	**428.19**	380.86
iii) Lavasa Corporation Limited [Refer note 33 (a)]	**152.56**	131.56	**152.56**	131.56
iv) HCC Mauritius Enterprise Limited ^^	**97.47**	97.56	**97.47**	97.56
v) Highbar Technologies Limited	**2.39**	2.39	**2.39**	2.39
vi) HCC Concessions Limited	**-**	-	**-**	3.64
	----------------	----------------	----------------	----------------
Total	**1,962.01**	1,736.73	**1,962.01**	1,746.07
	========	========	========	========

^ The Company has given a contractual interest free loan amounting to ₹ 294.27 crore (31 March 2017: ₹ 294.27 crore) to HREL

^^ The Company has given a contractual loan bearing an interest rate of "3 months LIBOR +3%" and "6 months LIBOR +4%"

Note 7.2 Investment by the loanee in the Company's/ subsidiary companies shares [Refer note (i) below]

HCC Infrastructure Company Limited has invested in following subsidiary companies:

Name of the entity	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Equity shares		
HCC Concessions Limited ^	**573.48**	573.48
HCC Power Limited	**0.50**	0.50
Dhule Palesner Operations & Maintenance Limited	**0.50**	0.50
HCC Operations & Maintenance Limited	**0.05**	0.05
Preference Shares		
HCC Concessions Limited ^	**285.99**	285.99
Total	**860.52**	860.52

^ Subsidiary as per the Act; however, classified as a Joint Venture under Ind AS

HCC Real Estate Limited has invested in following subsidiary companies:

Equity shares		
Lavasa Corporation Limited	**452.23**	448.59
Maan Township Developers Limited	**11.70**	11.70
Nashik Township Developers Limited	**-**	0.91
HRL Township Developers Limited	**-**	0.28
HRL (Thane) Real Estate Limited	**19.50**	19.60
Charosa Wineries Limited	**23.63**	23.63
Powai Real Estate Limited	**-**	0.05
HCC Aviation Limited	**-**	0.05
Pune-Paud Toll Road Company Limited	**-**	25.56
HCC Realty Limited	**0.03**	0.05
Preference shares		
Lavasa Corporation Limited	**75.60**	66.39
Total	**582.69**	596.81

Lavasa Corporation Limited has invested in following subsidiary companies:

Equity shares		
Dasve Business Hotel Limited	**0.05**	0.05
Dasve Convention Centre Limited	**0.05**	0.05
Dasve Hospitality Institutes Limited	**5.55**	5.55
Lakeshore Watersports Company Limited	**0.05**	0.05
Lakeview Clubs Limited	**0.05**	0.05
Lavasa Hotel Limited	**0.05**	0.05
Dasve Retail Limited	**0.05**	0.05
Full Spectrum Adventure Limited	**0.05**	0.05
Lavasa Bamboocrafts Limited	**0.05**	0.05
My City Technology Limited	**14.93**	14.93
Reasonable Housing Limited	**0.05**	0.05
Rhapsody Commercial Spaces Limited	**0.05**	0.05
Verzon Hospitality Limited	**0.41**	0.41
Future City Multiservices SEZ Limited	**0.05**	0.05
Valley View Entertainment Limited	**0.05**	0.05
Warasgaon Tourism Limited	**0.05**	0.05
Our Home Service Apartments Limited	**0.05**	0.05
Warasgaon Power Supply Limited	**5.05**	5.05
Sahyadri City Management Limited	**0.05**	0.05
Kart Racers Limited	**0.05**	0.05
Warasgaon Infrastructure Providers Limited	**0.05**	0.05
Hill City Service Apartments Limited	**0.05**	0.05
Nature Lovers Retail Limited	**0.05**	0.05
Warasgaon Valley Hotels Limited	**0.05**	0.05
Rosebay Hotels Limited	**0.05**	0.05
Mugaon Luxury Hotels Limited	**0.05**	0.05
Warasgaon Assets Maintenance Company Limited	**702.97**	666.89
Hill View Parking Services Limited	**0.05**	0.05
Spotless Laundry Services Limited ^	**7.08**	7.08
Green Hills Residences Limited ^	**3.38**	2.36
Whistling Thrush Facilities Services Limited ^	**0.23**	0.23
Ecomotel Hotel Limited ^	**-**	13.26
Preference shares		
Dasve Business Hotels Limited ^	**23.40**	23.40
Dasve Convention Center Limited ^	**51.78**	51.78
Dasve Hospitality Institutes Limited ^	**17.06**	17.06
Lakeshore Watersports Company Limited ^	**10.98**	10.98
Lakeview Clubs Limited ^	**19.36**	19.36
Dasve Retail Limited ^	**78.91**	78.91
Lavasa Bamboocrafts Limited ^	**7.90**	7.90
Reasonable Housing Limited ^	**19.66**	19.66
Future City Multiservices SEZ Limited ^	**1.69**	1.69
Warasgaon Tourism Limited ^	**9.84**	9.84
Sahyadri City Management Limited ^	**38.71**	38.71
Hill City Service Apartments Limited ^	**10.33**	10.33
Nature Lovers Retail Limited ^	**1.73**	1.73
Warasgaon Assets Maintenance Company Limited	**0.71**	0.62
Total	**1,032.81**	1,008.88

^ Subsidiary as per the Act; however, classified as a Joint Venture under Ind AS

HCC Mauritius Enterprise Limited has invested in following subsidiary company:

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Equity shares		
Steiner AG [Refer note (ii) below]	**211.12**	208.57
Total	**211.12**	208.57

HCC Concessions Limited has invested in following subsidiary companies

Equity shares		
Badarpur Faridabad Tollways Limited ^	**98.00**	234.37
Baharampore-Farakka Highways Limited ^	**33.30**	33.33
Farakka-Raiganj Highways Limited ^	**37.00**	37.00
Raiganj-Dalkhola Highways Limited ^	**27.00**	27.00
Nirmal BOT Limited ^	**-**	-
Narmada Bridge Tollways Limited ^	**0.05**	0.05
Convertible Cumulative Preference Shares		
Baharampore-Farakka Highways Limited	**172.25**	172.25
Farakka-Raiganj Highways Limited	**200.22**	200.22
Raiganj-Dalkhola Highways Limited	**107.15**	107.15
Total	**674.97**	811.37

^ Subsidiary as per the Act; however, classified as a Joint Venture under Ind AS

Note (i) Investments include adjustments carried out under Ind AS
Note (ii) Includes increase/ decrease in investments on account of exchange rate fluctuations

Note 8 Other financial assets

Non-current		
a) Receivables from related parties		
- interest (Refer notes 33 and 39)	**201.60**	179.30
- against sale of assets (Refer note 39)	**56.83**	56.83
b) Margin money deposits	**2.46**	0.05
Total non-current financial assets	**260.89**	236.18
Current		
a) Unbilled work-in-progress ^ (Refer note 34)	**2,820.96**	3,373.18
b) Receivables from related parties (Refer note 33 and 39)	**46.91**	40.37
c) Interest accrued on deposits/ advances	**3.98**	2.57
d) Others	**0.58**	4.41
Total current financial assets	**2,872.43**	3,420.53
Total other financial assets	**3,133.32**	3,656.71

^ Net off advance received against work bill ₹ 199.23 crore (31 March 2017: ₹ 213.28 crore)

Note 9 Income tax assets (net)

i. The following table provides the details of income tax assets and liabilities as at 31 March 2018 and 31 March 2017:

a) Income tax assets	**277.67**	223.54
b) Current income tax liabilities	**198.29**	197.08
Net balance	**79.38**	26.46

ii. The gross movement in the current tax asset/ (liability) for the years ended 31 March 2018 and 31 March 2017 is as follows:

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Net current income tax asset at the beginning	**26.46**	28.83
Income tax paid	**73.06**	18.48
Current income tax expense	**(20.14)**	(20.85)
Net current income tax asset at the end	**79.38**	26.46

iii. Income tax expense in the Statement of Profit and Loss comprises:

Current income taxes	**20.14**	20.85
Deferred income taxes ^	**14.30**	16.70
Income tax expenses (net)	**34.44**	37.55

^ Deferred income taxes for the years ended 31 March 2018 and 31 March 2017 relates to origination and reversal of temporary differences and is net of MAT credit entitlement of ₹ 19.58 crore (31 March 2017: ₹ 16.83 crore)

iv. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is as below:

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Profit before income tax	**111.97**	96.96
Applicable income tax rate	**34.61%**	34.61%
Computed expected tax expense	**38.75**	33.55
Tax expense/ (income) of jointly controlled operations	**0.15**	(4.02)
Effect of expenses not allowed for tax purpose	**7.84**	5.14
Effect of income not considered for tax purpose	**(12.55)**	2.89
Others	**0.25**	-
Income tax expense charged to the Statement of Profit and Loss	**34.44**	37.55

v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
(a) Deferred income tax liability		
- Claims/arbitration awards	**1,554.34**	1,217.24
- Timing difference on tangible and intangible assets depreciation and amortisation	**61.83**	72.21
- Others	**7.44**	7.64
	1,623.61	1,297.09
(b) Deferred income tax asset		
- Business loss/ unabsorbed depreciation	**(1,394.56)**	(1,103.66)
- MAT credit entitlement	**(146.50)**	(126.52)
- Others	**(45.07)**	(43.73)
	(1,586.13)	(1,273.91)
Total deferred tax liabilities (net)	**37.48**	23.18

Note 10 Other assets

Non-current		
a) Capital advances	**4.74**	12.92
b) Balances with government authorities	**111.35**	128.24
c) Prepaid expenses	**0.25**	0.80
d) Financial guarantees	**11.41**	15.97
Total other non-current assets	**127.75**	157.93
Current		
a) Advance to suppliers and sub-contractors	**89.80**	91.77
b) Balances with government authorities	**99.89**	39.23
c) Prepaid expenses	**13.81**	14.80
d) Financial guarantees	**4.55**	4.53
e) Other current assets	**4.29**	2.69
Total other current assets	**212.34**	153.02
Total other assets	**340.09**	310.95

Note 11 Inventories

a) Construction materials, stores, spares and embedded goods	**175.41**	225.13
b) Fuel	**3.92**	7.86
c) Materials in transit	**-**	0.32
Total inventories	**179.33**	233.31

Note 12 Current investments

Investments in unquoted equity shares valued at deemed cost, fully paid up		
a) In a subsidiary company in India	**50.02**	50.02
b) In joint ventures in India	**27.70**	27.70
Total current investments	**77.72**	77.72

Note 12.1 Detailed list of current investments

Investments in unquoted equity shares valued at deemed cost, fully paid up		
a) In a subsidiary company in India		
- Panchkutir Developers Limited (Refer note 12.3) 1,400,000 (31 March 2017: 1,400,000) equity shares of ₹ 10 each	**50.02**	50.02
b) In joint ventures in India		
- Raiganj Dalkhola Highways Limited (Refer note 12.2 and 12.4) 3,000,000 (31 March 2017: 3,000,000) equity shares of ₹ 10 each	**3.00**	3.00
- Baharampore Farakka Highways Limited (Refer note 12.2 and 12.4) 11,700,000 (31 March 2017: 11,700,000) equity shares of ₹ 10 each	**11.70**	11.70
- Farakka Raiganj Highways Limited (Refer note 12.2 and 12.4) 13,000,000 (31 March 2017: 13,000,000) equity shares of ₹ 10 each	**13.00**	13.00
- Dhule Palesner Tollways Limited 100 (31 March 2017: 100) equity shares of ₹ 10 each fully paid	**0.00** *	0.00 *
Total current investments	**77.72**	77.72

Note 12.2 The Company has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by joint ventures as indicated below:

Name of the Company	No. of equity shares pledged	
	As at 31 March 2018	As at 31 March 2017
	₹ crore	₹ crore
Raiganj Dalkhola Highways Limited	**5,10,000**	5,10,000
Baharampore Farakka Highways Limited	**5,10,000**	5,10,000
Farakka Raiganj Highways Limited	**5,10,000**	5,10,000

Note 12.3 The Company has received ₹ 10 crore (31 March 2017: ₹ 10 crore) as advance towards sale of investment in Panchkutir Developers Limited

Note 12.4 Pursuant to Shareholders Agreement (SHA) executed on 9 August 2011, the Company is required to hold 100% equity stake in HCC Infrastructure Company Limited (HIL) until Private Equity Investor gets an exit from HCC Concessions Limited (HCL) through means as specified in the SHA and there are certain other customary restrictions on pledging / creation of any encumbrance over shares / assets of HIL/ BOT SPVs.

The Company has given inter alia an undertaking in respect of investment in Baharampore - Farakka Highways Limited, Farakka - Raiganj Highways Limited., Dhule Palesner Tollways Limited and Raiganj - Dalkhola Highways Limited to National Highways Authority of India (NHAI) that it will not transfer its shareholding till the commercial operation date. The Company has entered into sale agreement with HCL to sell these shares at book value at future dates on fulfilment of that obligation as per undertaking given to NHAI. The Company has received full consideration of ₹ 27.70 crore (31 March 2017: ₹ 27.70 crore) for transfer of the above shares at book value from HCL, subject to necessary approvals and consents to the extent required in the following BOT SPV's.

	As at 31 March 2018		As at 31 March 2017	
Name of the BOT SPV	**₹ crore**	**No. of shares**	₹ crore	No. of shares
Baharampore Farakka Highways Limited	**11.70**	**1,17,00,000**	11.70	1,17,00,000
Farakka Raiganj Highways Limited	**13.00**	**1,30,00,000**	13.00	1,30,00,000
Raiganj Dalkhola Highways Limited	**3.00**	**30,00,000**	3.00	30,00,000
Dhule Palesner Tollways Limited	**0.00***	**100**	0.00*	100
Total	**27.70**	**2,77,00,100**	27.70	2,77,00,100

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 13 Cash and cash equivalents		
a) Balances with banks		
- Current accounts in Indian rupees	**62.39**	67.19
- Current accounts in foreign currency	**0.92**	0.36
b) Cash on hand	**0.62**	0.93
c) Cheques on hand	**58.10**	9.16
Total cash and cash equivalents	**122.03**	77.64
Note 14 Other bank balances		
a) Deposits with maturity of more than 3 months and less than 12 months	**14.19**	-
b) Earmarked balances with banks for:		
- Margin money deposits with original maturity of more than 3 months and remaining maturities of less than 12 months^	**60.97**	41.56
- Balances with bank for unpaid dividend ^^	**0.25**	0.41
Total other bank balances	**75.41**	41.97

^ Includes deposits of ₹ 6.43 crore earmarked against Debenture Redemption Reserve

^^ There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2018.

Note 15 Equity share capital		**As at 31 March 2018 ₹ crore**	As at 31 March 2017 ₹ crore
Authorised share capital			
1,25,00,00,000	Equity shares of ₹ 1 each (31 March 2017: 1,250,000,000 equity shares of ₹ 1 each)	**125.00**	125.00
1,00,00,000	Redeemable cumulative preference shares of ₹ 10 each (31 March 2017: 10,000,000 preference shares of ₹ 10 each)	**10.00**	10.00
Total authorised equity share capital		**135.00**	135.00
Issued, subscribed and paid-up equity share capital:			
1,01,54,62,926	Equity shares of ₹ 1 each fully paid up (31 March 2017: 1,010,703,635 equity shares of ₹ 1 each)	**101.54**	101.07
	Add : 13,225 Forfeited equity shares (31 March 2017: 13,225 equity shares)	**0.01**	0.01
Total issued, subscribed and paid-up equity share capital		**101.55**	101.08

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	**₹ crore**
As at 1 April 2016	**77,91,58,906**	**77.92**
Issued during the year [Refer note 15(g) and 16.1]	23,15,44,729	23.15
As at 31 March 2017	**1,01,07,03,635**	**101.07**
Issued during the year [Refer note 15(g) and 16.1]	47,59,291	0.47
As at 31 March 2018	**1,01,54,62,926**	**101.54**

b. Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by subsidiary company:

Western Securities Limited, a subsidiary company, holds 52,000 equity shares (31 March 2017: 52,000 equity shares) in the Company.

d. Shareholding of more than 5%:

	As at 31 March 2018		As at 31 March 2017	
Name of the Shareholder	**% held**	**No. of shares**	% held	No. of shares
Promoter				
Hincon Holdings Limited	**21.27%**	**21,60,23,600**	21.37%	21,60,23,600
Hincon Finance Limited	**6.13%**	**6,22,61,186**	6.16%	6,22,61,186
Non-promoter				
HDFC Trustee Company Limited	**6.87%**	**6,97,32,622**	6.93%	7,00,21,087

e. Shares reserved for issue under Employee Stock Options Scheme (ESOP):

As at 31 March 2018, there are 300,000 (31 March 2017: 120,180) stock options granted during the year which are outstanding and convertible into equal number of equity shares of ₹ 1 each convertible at an exercise price of ₹ 31.15 per share [Refer note e(i)(c) below].

During the year ended 31 March 2018, none of the options were exercised / converted into equity shares and 120,180 (31 March 2017: 1,534,450) stock options got lapsed.

i. Options granted

a) The Company offered 4,458,800 Stock Options on 25 April 2008 (each option carrying entitlement for one equity share of the face value of` ₹ 1 each) at a price of ₹132.50 per equity share.

In accordance with the approval of the board of directors and shareholders of the Company, the ESOP Compensation Committee at its meeting held on 20 July 2009 repriced 4,131,600 options at ₹ 104.05 per equity share.

b) The ESOP Compensation Committee of the Company at its Meeting held on 12 August 2010 decided to double the number of employee stock options (vested and unvested), not exercised and in-force, as on the Record Date i.e. 11 August 2010 and halved the exercise price on account of issuance and allotment of Bonus Equity Shares in the proportion of 1:1.

Accordingly, 3,553,760 employee stock options in-force granted by the Company on 25 April 2008 were doubled i.e. 7,107,520 and the exercise price in respect of the same was reduced from ₹104.05 to ₹ 52.03 per equity share and none of the options are outstanding as at 31 March 2018.

c) The ESOP Compensation Committee of the Company at its Meeting held on 20 March 2018 has approved a grant of 300,000 options, in accordance with the terms and conditions contained in the existing HCC Employee Stock Option Scheme of the Company (`Scheme') (each option carrying entitlement for one equity share of the face value of ₹ 1 each) at an exercise price of ₹ 31.15 per equity share, subject to approval of the shareholders for amendment of the existing Scheme, in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").

ii. Settlement Through Equity Shares

iii. Options vested Nil options (31 March 2017: Nil) remain vested and outstanding as at 31 March 2018

f. Bonus shares/ buy back/shares for consideration other than cash issued during past five years:

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil

(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

(iii) Aggregate number and class of shares bought back - Nil

g. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting held on 5 January 2017, the allotment committee of the Board of Directors at its meetings held on 6 January 2017 and 19 January 2017 alloted collectively to the lenders 231,544,729 equity shares of face value of ₹ 1 each at a premium of ₹ 33.92 per share aggregating ₹ 808.55 crore and 14,414,874 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,441.49 crore. Further, pursuant to the approval of the shareholders at the Annual General Meeting held on 6 July 2017, the allotment committee of the Board of Directors at its meeting held on 17 July 2017 allotted to a lender 4,759,291 equity shares of face value of ₹ 1 each at a premium of ₹ 40.61 per share aggregating ₹ 19.80 crore and 256,716 OCDs of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 25.67 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme). The implementation of the S4A Scheme and the consequent allotment of equity shares/ OCDs have been made in respect of all the lenders except for few lenders who will be alloted equity shares and OCDs once they exercise their option. Number of equity shares/OCDs to be alloted will be determined based on the share price prevailing at the time of such allotment. (Also refer Note 16.1)

Note 16 Borrowings	Effective interest rate	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Non-current portion:			
Secured			
(A) Non-Convertible Debentures (RTL-1)	10.13% - 15.73%	67.37	114.03
(B) Rupee Term Loans (RTL-A)			
(i) From Banks	11.75% - 12.00%	83.97	103.74
(ii) From Others	11.75%	47.12	52.46
(C) Rupee Term Loans (RTL-1)			
(i) From Banks	9.80% - 14.16%	135.22	195.26
(ii) From Others	9.76% - 9.90%	138.01	199.97
(D) Rupee Term Loans (RTL-2)			
(i) From Banks	9.84% - 13.62%	359.62	528.57
(ii) From Others	9.86% - 9.95%	90.09	130.80
(E) Working Capital Term Loan from Banks (WCTL-2)			
(i) From Bank	11.10%	6.49	8.70
(ii) From Others	11.10%	12.32	8.70
(F) Foreign Currency Term Loans from Banks	3.51% - 6.16%	6.42	60.55
(G) 0.01% Optionally Convertible Debentures (OCDs) [Refer note 15 (g)]	11.50%		
(i) From Banks		1,090.66	1,167.59
(ii) From Others		246.12	261.96
Total non-current borrowings (A+B+C+D+E+F+G)		2,283.41	2,832.33
Current maturities of long-term borrowings			
Secured			
(A) Non-Convertible Debentures (RTL-1)	10.13% - 15.73%	42.87	30.66
(B) Rupee Term Loans (RTL-A)			
(i) From Bank	11.75% - 12.00%	8.13	-
(ii) From Others	11.75%	5.07	1.05
(C) Rupee Term Loans (RTL-1)			
(i) From Banks	9.80% - 14.16%	38.06	41.45
(ii) From Others	9.76% - 9.90%	40.42	42.75
(D) Rupee Term Loans (RTL-2)			
(i) From Banks	9.84% - 13.62%	101.51	143.00
(ii) From Others	9.86% - 9.95%	27.80	33.42
(E) Working Capital Term Loan from Banks (WCTL-1)	11.10%	-	17.63
(F) Working Capital Term Loan from Banks (WCTL-2)			
(i) From Bank	11.10%	1.26	2.58
(ii) From Others	11.10%	4.20	-
(G) Foreign Currency Term Loans from Banks	3.51% - 6.16%	144.95	103.24
Total current maturities of long-term borrowings (A+B+C+D+E+F+G) (Refer note 17)		414.27	415.78
Total borrowings		2,697.68	3,248.11

Note: For security details and terms of repayment, refer note 16.2 below.

Note 16.1

Restructuring of borrowings under Corporate Debt Restructuring Scheme (CDR Scheme) and Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme):

The Company received Letter of Approval (LOA) on 29 June 2012 issued by the Corporate Debt Restructuring Empowered Group (CDREG) approving the CDR Scheme. The CDR related documents had been executed and creation of security was completed. During the previous year, the Company has implemented the S4A Scheme. The Joint Lender's Forum (JLF) adopted the S4A Scheme with reference date as 12 July 2016. The S4A Scheme was duly approved by the Reserve Bank of India's mandated Overseeing Committee (OC) on 4 November 2016. Under the S4A Scheme, the Company's total debts amounting to ₹ 5,107 crores as at 1 October 2016 have been bifurcated into sustainable debt, to be serviced as per existing terms and conditions of those debts, and remainder debts (to the extent of 47.5% of the fund based exposure of the Company) have been converted into fully paid up equity shares in favour of the lenders by following principle of proportionate loss and balance in OCDs collectively in favour of the lenders. [Also refer note 15 (g)]

16.2 Details of security and terms of repayment

I. Secured

(A) Non-convertible debentures

i) Axis

These debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. These are secured by way of registered mortgage over 231.66 acres of Lavasa land situated in 5 villages namely Village Admal, Bhode, Gadle, Padalghar and Ugavali in taluka Mulshi, District Pune, Maharashtra.

ii) LIC

These debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

(B) Rupee Term Loans (RTL-A)

RTL-A carries interest rate of 11.75% p.a. (Individual Bank's Base Rate + Applicable Spread), payable monthly, to be reset annually with a two years moratorium and repayment terms of five years starting from financial year 2017-18. The said facility is having same security as RTL-1 lenders under the CDR Scheme.

(C) Rupee Term Loans 1 (RTL-1) and Rupee Term Loans 2 (RTL-2)
RTL - 1 and RTL - 2 carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

(D) Working Capital Term Loan (WCTL-1)
Working Capital Term Loan (WCTL -1) carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 16 quarterly instalments commencing 15 April 2014 and ending on 15 January 2018. Refer note 16.2.1 for security details.

(E) Working Capital Term Loan (WCTL-2)
Working Capital Term Loan (WCTL-2) carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

(F) Foreign Currency Term Loan from banks
(i) Standard Chartered Bank - External Commercial Borrowings (ECB) USD 13.36 million
As at 31 March 2018, the ECB loan from Standard Chartered Bank carries an interest rate of 5.81% p.a. (3 month LIBOR plus 350 basis points). This loan is repayable in 17 quarterly instalments commencing 15 April 2014 and ending on 15 March 2018. The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation executed on 10 November 2009.

(ii) Development Bank of Singapore - ECB USD 10.18 million
As at 31 March 2018, the ECB loan from Development Bank of Singapore carries an interest rate of 6.16% p.a. (3 month LIBOR plus 385 basis points). This loan is repayable in 17 quarterly instalments commencing 5 October 2014 and ending on 5 October 2018. The facility is secured by first charge by way of hypothecation of plant and machinery and heavy vehicles acquired under the facility described in the schedule I (2) to the deed of hypothecation executed on 29 April 2010.

(iii) Export Import Bank of United States - ECB USD 9.36 million
As at 31 March 2018, the ECB loan from Export Import Bank of United Sates carries an interest rate of 3.51% (3 month LIBOR plus 120 basis points). This loan is repayable in 35 equal quarterly instalments commencing 16 March 2011 and ending on 16 September 2019. The facility is secured by first priority mortgage and security interest to and in favour of Wilmington Trust Company (the security trustee) on one Hawker model 4000 airframe bearing manufacture's serial number RC-26 together with two installed model PW208 engines more particularly described under Clause 2.1 as per the Aircraft Charge Agreement executed on 6 January 2011.

(G) Optionally Convertible Debentures (OCDs)
OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the date of issuance, the OCDs will be converted into non-convertible debentures in case of non occurrence of event of default as per the guidelines of the S4A Scheme. The repayment of the OCD commences from the 6th anniversary of the allotment date. Details of maturity have been provided below. Also refer note 16.2.2 for security details.

Date of Repayment	₹ in crores
30 September 2022	285.51
30 September 2023	282.41
30 September 2024	263.91
30 September 2025	254.90
30 September 2026	250.05

Note 16.2.1 RTL-1, RTL-2, WCTL-1 and WCTL-2 are secured in the form of:
1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to RTL1, WCTL1 and RTL-A are as below:
1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

The above security having ranking in respect to RTL2 and WCTL2 are as below:
A second ranking and pari passu security interest by way of legal mortgage over all the Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA:
1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ 7,616.59 crore (31 March 2017: ₹ 8,496.48 crore).

2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.

3. Personal guarantee of the Chairman and Managing Director of the Company.

Note 16.2.2 Optionally Convertible Debentures (OCDs) are secured in the form of:
1. First ranking pari passu charge on all of the Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and

2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed.
The security creation would be done as per stipulated time frame.

Collateral security pari-passu with all S4A lenders:
1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ 7,616.59 crore (31 March 2017: ₹ 8,496.48 crore).

2. First par-passu charge on Pledge of 85,767,617 equity shares of the Company and second charge on 154,151,669 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company

Note 16.2.3 As at 31 March 2018, in relation to Term Loans, contractual loan principal amounting to ₹ 90.15 crore (31 March 2017: ₹ 70.12 crore) and contractual interest amounting to ₹ 6.16 crore (31 March 2017: ₹ 66.77 crore) are due and outstanding pertaining to the period 1 April 2017 to 31 March 2018. Subsequent to the year end, the Company has paid ₹ Nil (31 March 2017: ₹ 234.55 crore) to various lenders which is pending appropriation between principal and interest.

Note 16.3 Master Restructuring Agreement (MRA) as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, provide a right to the CDR lenders to get a recompense of their waiver and sacrifices made as part of the CDR proposal. The recompense payable by the Company depends on various factors including improved performance of the Company and other conditions. In view of subsequent implementation of S4A scheme, wherein total debts of the Company as of 1 October 2016 have been bifurcated into sustainable debt, to be serviced as per existing terms and conditions of those debts, and remainder converted into fully paid up equity shares and OCDs, the aggregate present value of the recompense amount payable to erstwhile CDR lenders as per the MRA is likely to undergo major changes and would be ascertained post completion of discussions with the Monitoring Institution.

Note 16.4 Net debt reconciliation
An analysis of net debt and the movement in net debt for the year ended 31 March 2018 is as follows:

	31 March 2018 ₹ crore	31 March 2017 ₹ crore
Cash and Cash equivalents	**122.03**	77.64
Liquid Investments	**77.72**	77.72
Current borrowings	**(1,027.72)**	(1,148.58)
Non-current borrowings	**(2,990.86)**	(3,417.56)
Net debt	**(3,818.83)**	(4,410.78)

	Other Assets		Liabilities from financing activities		Total
	Cash and Cash equivalents	Liquid Investments	Non-current borrowings	Current borrowings	
Net debt as at 1 April 2017	**77.64**	**77.72**	**(3,417.56)**	**(1,148.58)**	**(4,410.78)**
Cash flows	44.39	-	550.43	120.86	715.68
Interest expense	-	-	(358.03)	(113.53)	(471.56)
Interest paid			234.30	113.53	347.83
Net debt as at 31 March 2018	**122.03**	**77.72**	**(2,990.86)**	**(1,027.72)**	**(3,818.83)**

Note 17 Other financial liabilities

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Non-current		
Financial guarantees	**12.05**	14.23
Total non-current financial liabilities	**12.05**	14.23
Current		
a) Current maturities of long-term borrowings (Refer note 16)	**414.27**	415.78
b) Interest accrued but not due	**287.01**	102.68
c) Interest accrued and due	**6.17**	66.77
d) Unpaid dividends ^	**0.25**	0.41
e) Advance towards sale of investments (Refer notes 12.3 and 12.4)	**37.70**	37.70
f) Financial guarantees	**3.18**	4.16
g) Others		
i) Due to employees	**112.19**	86.57
ii) Interest payable on contractee advances	**93.01**	128.69
iii) Due to related parties (Refer note 39)	**1.54**	1.08
iv) Liability for capital goods	**106.29**	16.81
v) Other liabilities	**46.60**	57.47
Total current financial liabilities	**1,108.21**	918.12
Total other financial liabilities	**1,120.26**	932.35

^ Not due for credit to Investor Education and Protection Fund

Other financial liabilities carried at amortised cost	**1,082.56**	894.65
Other financial liabilities carried at FVPL	**37.70**	37.70

Note 18 Provisions

Non-current		
Provision for employee benefits (Refer note 37)		
- Gratuity	**27.06**	29.55
- Leave entitlement and compensated absences	**14.26**	10.57
Total non-current provisions	**41.32**	40.12
Current		
a) Provision for employee benefits (Refer note 37)		
- Gratuity	**8.14**	3.67
- Leave entitlement and compensated absences	**2.75**	4.71
b) Provision for cost to completion (Refer note 18.1) (includes provision for foreseeable losses ₹ 20.48 crore (31 March 17 : ₹ 104.53 crore)	**141.29**	122.87
Total current provisions	**152.18**	131.25
Total provisions	**193.50**	171.37

Note 18.1 The Company has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

Note 19 Current borrowings

I. Secured		
Rupee Loan from Banks (Refer note 19.1 below)		
(i) Cash credit facilities (Repayable on demand)	**982.24**	1,104.62
(ii) Working capital demand loan (Repayable on demand)	**32.87**	32.87
(iii) Buyer's credit	**10.89**	9.39
II. Unsecured (Repayable on demand)		
Loans from related parties (Refer note 39)	**1.72**	1.70
Total current borrowings (I+II)	**1,027.72**	1,148.58

Note 19.1 Security for Cash Credit Facilities, Working Capital Demand Loan and Buyer's Credit:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

The above security having ranking as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA are same as indicated in note 16.2.1.

The Company has provided first charge over specific property, plant and equipment (having WDV of ₹ 50 crore) of the Company for the loan extended by Export Import Bank of India (EXIM Bank) to HCC Mauritius Enterprise Limited through Loan Agreement dated 27 September 2010. The same security has also been extended for the loan of USD 25 million given by EXIM Bank to HCC Mauritius Investment Limited.

YES Bank, the lender of HCC Infrastructure Company Limited, a subsidiary company, is having subservient charge on identified receivables of the Company. YES Bank issued No Objection Certificate (NOC) on 4 September 2012 for ceding first charge in favour of working capital lenders and second charge in favour of term lenders.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Company.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 20 Trade payables		
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 20.1)	**5.15**	3.55
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**1,804.99**	1,612.85
Total trade payables	**1,810.14**	1,616.40

Note 20.1 The Company has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at 31 March 2018.

The disclosure pursuant to the said Act is as under:

Principal amount due to suppliers under MSMED Act	**5.15**	3.55
Interest accrued and due to suppliers under MSMED Act on the above amount	**0.35**	0.63
Payment made to suppliers (other than interest) beyond appointed day during the year	**1.36**	0.54
Interest paid to suppliers under MSMED Act	**-**	-
Interest due and payable to suppliers under MSMED Act towards payments already made	**0.35**	0.16
Interest accrued and remaining unpaid at the end of the accounting year	**0.35**	0.64
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	**3.45**	3.10

Note: This information, as required to be disclosed under the MSMED Act, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 20.2 Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

Note 21 Other current liabilities		
a) Advance from contractees	**1,651.88**	1,708.91
b) Statutory dues payable	**59.84**	71.22
c) Due to customers	**247.72**	-
d) Other liabilities	**19.34**	9.66
Total other current liabilities	**1,978.78**	1,789.79

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Note 22 Revenue from operations		
a) Contract revenue	**3,993.24**	3,653.94
Add: Company's share of turnover in integrated joint ventures	**19.90**	45.58
	4,013.14	3,699.52
b) Sale of products	**-**	17.32
c) Other operating revenue	**561.94**	479.10
Total revenue from operations	**4,575.08**	4,195.94
Note 23 Other income		
a) Interest received on financial assets carried at amortised cost	**246.17**	220.42
b) Dividend from long-term investments	**0.03**	0.03
c) Other non-operating income		
- Interest received on income tax refund	**1.30**	12.04
- Exchange gain (net)	**-**	11.76
- Profit on sale of investments	**0.03**	-
- Excess provision no longer required written back	**1.72**	2.15
- Rental income	**1.28**	15.55
- Miscellaneous	**0.47**	0.25
Total other income	**251.00**	262.20
Note 24 Cost of construction materials consumed		
Stock at beginning of the year	**225.13**	168.69
Add: Purchases	**1,039.27**	933.96
	1,264.40	1,102.65
Less: Sale of scrap and unserviceable material	**16.33**	8.93
	1,248.07	1,093.72
Less: Stock at the end of the year	**175.41**	225.13
Total cost of construction materials consumed	**1,072.66**	868.59
Note 25 Construction expenses		
a) Power, fuel and water	**117.65**	126.08
b) Insurance	**40.14**	42.26
c) Rates and taxes	**124.90**	168.98
d) Rent (Refer note 25.1)	**43.33**	56.75
e) Transportation	**47.09**	33.94
f) Others	**34.44**	25.94
Total construction expenses	**407.55**	453.95

Note 25.1 The Company has taken various construction equipment and vehicles under non-cancellable operating leases. The future minimum lease payments in respect of these as at 31 March 2018 are as follows:

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Minimum lease rental payments		
i) Payable not later than one year	**3.47**	1.32
ii) Payable later than one year and not later than five years	**0.98**	1.32
iii) Payable later than five years	**-**	-
	4.45	2.64

The lease agreement provides for an option to the Company to renew the lease period at the end of the non-cancellable period. There are no exceptional/ restrictive covenants in the lease agreements.

Further, the Company has entered into cancellable operating lease for office premises and employee accommodation. Tenure of leases generally vary between one year to four years. Terms of the lease include operating terms for renewal, terms of cancellation etc.

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Note 26 Employee benefits expense (net of recoveries at cost)		
a) Salaries and wages	**391.40**	353.74
b) Contribution to provident and other funds [Refer note 37(B)(a)]	**22.46**	20.64
c) Staff welfare	**24.11**	22.42
Total employee benefits expense	**437.97**	396.80

Note 26.1 For each of the years ended 31 March 2014 and 31 March 2016, the Company has paid remuneration of ₹ 10.66 crore to the Chairman and Managing Director (CMD) based on the approval by shareholders and the applications filed with the Ministry of Corporate Affairs ('the Ministry') for their approval. The Ministry had approved ₹1.92 crore for 31 March 2014 for which the Company has filed an application to review the same. For the year ended 31 March 2016, amount payable as per the limits prescribed under the Companies Act amounted to ₹ 1.21 crore. Pending receipt of the aforesaid approvals, an aggregate of ₹ 18.19 crore as at 31 March 2018, is held in trust by the CMD.

Note 26.2 In respect of year ended 31 March 2015, the Company has provided for remuneration for CMD of ₹ 10.66 crore. The Company has made an application to the Ministry seeking its approval for payment of ₹ 10.66 crore which is in excess of the limits specified under Schedule V to the Act.

		Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Note 27 Finance costs (net of recoveries at cost)			
a) Interest expense on:			
- debentures		**189.79**	103.75
- others		**420.47**	625.27
b) Other borrowing costs			
- guarantee commission		**38.78**	24.30
- finance charges		**10.93**	19.05
Total finance costs		**659.97**	772.37
Note 28 Depreciation and amortisation expense (Refer notes 3 and 4)			
a) Depreciation of tangible assets		**122.37**	124.70
b) Amortisation of intangible assets		**0.57**	0.58
Total depreciation and amortisation expense		**122.94**	125.28
Note 29 Other expenses (net of recoveries at cost)			
a) Stationery, postage, telephone and advertisement		**6.33**	7.15
b) Travelling and conveyance		**13.20**	14.56
c) Professional		**34.32**	36.99
d) Repairs and maintenance - building		**4.75**	6.72
e) Repairs and maintenance - others		**6.58**	7.90
f) Computer maintenance and development		**10.41**	12.74
g) Directors' sitting fees		**0.70**	0.88
h) Auditors' remuneration:			
i) Audit fees	**1.35**		1.25
ii) Tax audit fees	**0.20**		0.20
iii) Limited review fees	**0.70**		0.70
iv) Certification fees	**0.60**		1.29
v) Reimbursement of out of pocket expenses	**0.02**		0.01
		2.87	3.45
i) Loss on sale of property, plant and equipment (net)		**0.57**	2.35
j) Exchange loss (net)		**10.51**	-
k) Miscellaneous		**21.53**	26.09
Total other expenses		**111.77**	118.83

The Company is not liable to incur any expenses on CSR as per section 135 of the Act.

Note 30 Exceptional items			
a) Trade receivables and work in progress written off [Refer note 40(ii)(a)]		**-**	35.97
b) Gain on restructuring of debts		**-**	(14.75)
Total exceptional items [(Income)/ expense]		**-**	21.22

Note 31 Earnings per share (EPS)
Basic and diluted EPS

A. Profit computation for basic earnings per share of ₹ 1 each			
Net profit as per the Statement of Profit and Loss available for equity shareholders	(₹ crore)	**77.53**	59.41
B. Weighted average number of equity shares for EPS computation	(Nos.)	**1,01,40,67,737**	83,16,00,386
C. EPS - Basic and Diluted EPS	(₹)	**0.76**	0.71

The options granted to employees under the Employee stock option (ESOP) plan and the optionally convertible debentures do not qualify as potential equity shares outstanding during the periods, based on the present conditions prevalent, and hence have not been considered in the determination of diluted earnings per share.

Note 32 Contingent liabilities and commitments

A. Contingent liabilities	**As at 31 March 2018 ₹ crore**	As at 31 March 2017 ₹ crore
(i) Claims not acknowledged as debts by the Company	**22.28**	22.23
(ii) Income tax liability that may arise in respect of which the Company is in appeals	**17.99**	24.63
(iii) Sales tax liability / Works Contract Tax liability / Service Tax / Customs liability that may arise in respect of matters in appeal	**184.72**	145.50
(iv) Corporate Guarantees:		
The Company has provided an undertaking to pay in the event of default on loan given by lenders to the following related parties:		
a) Lavasa Corporation Limited	**376.58**	300.29
b) HCC Mauritius Enterprises Limited	**44.64**	42.98
c) HCC Mauritius Investment Limited	**185.31**	180.21
(v) Counter indemnities given to banks in respect of contracts executed by subsidiaries and joint ventures	**30.06**	71.87

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities except in respect of matter stated in (iv) above. Future cash outflows in respect of the above are determinable only on receipt of judgments/ decisions pending with various forums/ authorities. The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

B. Commitments		
(i) Capital Commitment (net of advances)	**25.58**	123.10
(ii) Put option given to lenders of a subsidiary company to sell debentures to the Company in the event of default (including interest and penal charges thereon)	**709.82**	598.51

Note 33 (a) The Company, as at 31 March 2018, has (i) a non-current investment amounting to ₹ 612.40 crore (31 March 2017: ₹ 612.40 crore), non-current loans amounting to ₹ 428.19 crore (31 March 2017: ₹ 380.86 crore) and other non-current financial assets amounting to ₹ 24.35 crore (31 March 2017: ₹ 21.72 crore) in HREL, a subsidiary, which is holding 68.70% share in Lavasa Corporation Limited (LCL), a step down subsidiary, and (ii) a non-current investment amounting to ₹ 18.43 crore (31 March 2017: ₹ 18.43 crore), non-current loans amounting to ₹ 152.56 crore (31 March 2017: ₹ 131.56 crore), other non-current financial assets amounting to ₹ 19.07 crore (31 March 2017: ₹ 16.45 crore) and other current financial assets amounting to ₹ 6.63 crore (31 March 2017: ₹ 4.77 crore) in LCL. While such entities have incurred losses during their initial years and consolidated net-worth of both entities as at 31 March 2018 has been fully eroded, the underlying projects in such entities are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values. The net-worth of these subsidiaries does not represent their true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is substantially higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of these subsidiaries is substantially higher than the carrying value of the investments, non-current loans, other non-current financial assets and other current financial assets due to which these are considered as good and recoverable.

Note 33 (b) The Company, as at 31 March 2018, has a non-current investment amounting to ₹ 2.24 crore (31 March 2017: ₹ 2.24 crore), non-current loans amounting to ₹ 1,281.40 crore (31 March 2017: ₹ 1,124.36 crore) and other non-current financial assets amounting to ₹ 158.18 crore (31 March 2017: ₹ 141.14 crore) in its subsidiary HCC Infrastructure Company Limited (HIL) which is holding 85.45% in HCC Concessions Limited (HCL) having various Build, Operate and Transfer (BOT) SPVs under its fold. While HCL has incurred losses during its initial years and consolidated net-worth as at 31 March 2018 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable.

Note 34 'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'current receivables' include ₹ 686.24 crore (31 March 2017: ₹ 911.80 crore), ₹ 123.39 crore (31 March 2017: ₹ 123.39 crore) and ₹ 214.38 crore (31 March 2017: ₹ 90.30 crore), respectively, outstanding as at 31 March 2018 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/discussion with the clients or under arbitration/ litigation. Non-current trade receivables also include arbitration awards received in favour of the Company, which have been subsequently set aside by District Court/ High Courts against which the Company has preferred appeals at High Courts/ Supreme Court and has been legally advised that it has good case on merits. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations, the management is confident of recovery of these receivables.

Note 35 Disclosure in accordance with Ind AS 11 'Construction contracts' - Amount due from / to customers on Construction Contracts

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Contract revenue for the year	**4,013.14**	3,699.52
Aggregate amount of cost incurred and recognized profits less recognized losses up to the reporting date on contract under progress	**27,314.18**	38,253.29
Advances received from contractees	**1,651.88**	1,708.91
Retention money	**434.80**	379.35
Gross amount due from customer for contract work (net of retention)	**6,159.08**	6,509.47
Gross amount due to customer for contract work	**247.72**	-

Note 36 Interests in other entities

a) Joint operations (unincorporated)

The Company's share of interest in joint operations as at 31 March 2018 is set out below . The principal place of business of all these joint operations is in India.

Name of the entity	**% of ownership interest held by the Company**		**Name of the ventures' partner**	**Principal activities**
	As at 31 March 2018	As at 31 March 2017		
HCC - L&T Purulia Joint Venture	**57.00**	57.00	Larsen and Toubro Limited	Construction
Nathpa Jhakri Joint venture	**40.00**	40.00	Impregilio-Spa, Italy	Construction
Kumagai - Skanska - HCC - Itochu Joint Venture	**19.60**	19.60	Skanska, Kumagai	Construction
Alpine - Samsung Joint Venture	**33.00**	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	Construction
Alpine - HCC Joint Venture	**49.00**	49.00	Alpine Meyreder Bau	Construction
HCC - Samsung Joint Venture CC-34	**50.00**	50.00	Samsung C&T Corporation	Construction

i) **Classification of joint arrangements**

The joint venture agreements in relation to the above mentioned joint operations require unanimous consent from all the parties for all relevant activities. All co-venturers have direct rights to the assets of the joint venture and are also jointly and severally liable for the liabilities incurred by the joint venture. These joint ventures are therefore classified as a joint operation and the Company recognises its direct right to the jointly held assets, liabilities, revenue and expenses. In respect of these contracts (assessed as AOP under the Income tax laws), the services rendered to the joint ventures are accounted as income on accrual basis.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
ii) **Summarised balance sheet**		
Total assets	**29.73**	50.54
Total liabilities	**68.30**	71.90
iii) **Contingent liability as at reporting date**		
Contingent liability	**7.05**	2.54

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
iv) **Summarised statement of profit and loss account**		
Revenue	**19.90**	45.58
Other income	**0.83**	1.96
Total expenses (including taxes)	**38.39**	39.84

b) Joint operations on work sharing basis

Contracts executed in joint venture under work sharing arrangement (consortium) is set out below. The principal place of business of all these joint operations is in India and they are engaged in construction business.

i) HCC Van Oord ACZ Joint Venture
ii) Samsung - HCC Joint Venture
iii) L & T - HCC Joint Venture
iv) HCC - KBL Joint Venture
v) HCC - NCC Joint Venture
vi) HCC - CEC Joint Venture
vii) HCC - NOVA Joint Venture
viii) HCC - CPL Joint Venture
ix) HCC - MEIL - CBE Joint Venture
x) HCC - MEIL - BHEL Joint Venture
xi) HCC - MEIL - SEW - AAG Joint Venture
xii) HCC - MEIL - SEW Joint Venture
xiii) HCC - Halcrow Joint Venture
xiv) HCC - Laing - Sadbhav
xv) HCC - MEIL - NCC - WPIL Joint Venture
xvi) HCC - DSD - VNR Joint Venture
xvii) MEIL - IVRCL - HCC - WPIL Joint Venture
xviii) Alstom Hydro France - HCC Joint Venture
xix) HCC - MMS (MMRCL) Joint Venture
xx) HCC - LCESPL (Bistan Lift) Joint venture
xxi) HCC - HSEPL Joint Venture
xxii) HCC - AL FARA'A Joint Venture
xxiii) HCC - URCC Joint Venture

Classification of work executed on sharing basis

Contracts executed in joint venture under work sharing arrangement (consortium) is accounted to the extent work executed by the Company as that of an independent contract.

c) Jointly controlled entity (joint venture)

The Compan's joint venture as at 31 March 2018 is set out below. It has share capital consisting solely of equity shares and the proportion of ownership interests held equals the voting rights held by the Company. The principal place of business of this joint venture is in India and is engaged in tolling operations.

Name of the entity	**Name of the joint venture partner**	**% of ownership interest held by the Company** As at 31 March 2018	As at 31 March 2017
Farakka Raiganj Highways Limited	Hindustan Construction Company Limited HCC Concessions Limited	**85.45%**	85.45%
Baharampore Farakka Highways Limited	Hindustan Construction Company Limited HCC Concessions Limited	**85.45%**	85.45%
Raiganj Dalkhola Highways Limited	Hindustan Construction Company Limited HCC Concessions Limited	**85.45%**	85.45%

i) **Summarised balance sheet**		
Total assets	**2,485.89**	2,551.77
Total liabilities	**2,105.95**	2,115.37
Equity	**379.94**	436.40
ii) **Contingent liability/ capital commitment as at reporting date**		
Capital & Other commitment	**55.58**	852.93
Contingent liability	**1,767.12**	1,173.52

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
iii) **Summarised statement of profit and loss account**		
Revenue	**489.24**	504.26
Other income	**3.91**	1.58
Total expenses (including taxes)	**549.62**	534.80

Note 37 Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

A Defined benefit obligations - Gratuity (unfunded)

The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
a) Changes in defined benefit obligations		
Present value of obligation as at the beginning of the year	**30.98**	**29.92**
Interest cost	2.25	2.38
Current service cost	2.82	2.54
Remeasurements - Net actuarial gains	(3.57)	(2.22)
Benefits paid	(3.18)	(1.64)
	29.30	30.98
Add: Provision for separated employees	5.90	2.24
Present value of obligation as at the end of the year	**35.20**	**33.22**
b) Expenses recognised in the Statement of Profit and Loss		
Interest cost	2.25	2.38
Current service cost	2.82	2.54
Total	**5.07**	**4.92**
c) Remeasurement gains recognised in OCI		
Actuarial changes arising from changes in financial assumptions	(1.07)	1.64
Experience adjustments	(2.30)	(3.86)
Changes in demographic assumptions	(0.20)	-
Total	**(3.57)**	**(2.22)**

d) Actuarial assumptions	**31 March 2018**	31 March 2017
Discount rate	**7.82% p.a.**	7.27% p.a.
Salary escalation rate (over a long-term)	**8.00% p.a.**	8.00% p.a.
Mortality rate	**Indian assured lives mortality (2006-08)**	Indian assured lives mortality (2006-08)
Average future working lifetime	**11 Years**	13 years

The attrition rate varies from 4% to 8% (31 March 2017: 2% to 8%) for various age groups

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

e) Quantities sensitivity analysis for significant assumption is as below:

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant. The significant actuarial assumptions are discount rate, salary escalation rate and attrition rate.

	31 March 2018 ₹ crore	31 March 2017 ₹ crore
		1% increase
i. Discount rate	**(1.79)**	(2.32)
ii. Salary escalation rate (over a long-term)	**1.98**	2.61
iii. Attrition rate	**(0.05)**	(0.15)
		1% decrease
i. Discount rate	**2.00**	2.65
ii. Salary escalation rate (over a long-term)	**(1.81)**	(2.33)
iii. Attrition rate	**0.05**	0.16

The sensitivity analysis presented above may not be representative of the actual charge in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as the assumptions may be correlated.

f) Maturity analysis of defined benefit obligation		
Within the next 12 months	**2.23**	1.44
Between 2 and 5 years	**9.31**	9.95
Between 6 and 10 years	**18.14**	12.35
Total expected payments	**29.68**	23.74

B Defined contribution plans

a) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

(i) Contribution to provident fund	**18.45**	16.01
(ii) Contribution to super annuation fund	**4.01**	4.63
	22.46	20.64

b) The expenses for leave entitlement and compensated absences is recognized in the same manner as gratuity and provision of ₹ 17.01 crore (31 March 2017: ₹ 15.28 crore) has been made as at 31 March 2018.

	31 March 2018 ₹ crore	31 March 2017 ₹ crore
C Current/ non-current classification		
Gratuity		
Current	**8.14**	3.67
Non-current	**27.06**	29.55
	35.20	33.22
Leave entitlement (including sick leave)		
Current	**2.75**	4.71
Non-current	**14.26**	10.57
	17.01	15.28

Note 38 Financial instruments

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.
The following methods and assumptions were used to estimate the fair value:
(a) 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

(b) 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.

A Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

₹ crore

Particulars	Refer note	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:								
Investments								
Investment in preference shares	5	0.00 *	-	-	-	-	0.00 *	0.00 *
Investments in equity shares (unquoted)	5	-	-	-	20.86	-	20.86	20.86
Investments in equity shares (quoted)	5	-	-	-	3.26	-	3.26	3.26
Trade receivables	6	3,772.92	-	-	-	-	3,772.92	3,772.92
Loans	7	1,984.29	-	-	-	-	1,984.29	1,984.29
Others financial assets	8	3,133.32	-	-	-	-	3,133.32	3,133.32
Cash and cash equivalents	13	122.03	-	-	-	-	122.03	122.03
Other bank balances	14	75.41	-	-	-	-	75.41	75.41
Liabilities:								
Borrowings (including current maturities of long-term borrowings)	16, 19	3,725.40	-	-	-	-	3,725.40	3,725.40
Trade payables	20	1,810.14	-	-	-	-	1,810.14	1,810.14
Other financial liabilities	17	705.99	-	-	-	-	705.99	705.99

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows:

₹ crore

Particulars	Refer note	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:								
Investments								
Investment in preference shares	5	0.00 *	-	-	-	-	0.00 *	0.00 *
Investments in equity shares (unquoted)	5	-	-	-	36.68	-	36.68	36.68
Investments in equity shares (quoted)	5	-	-	-	2.65	-	2.65	2.65
Trade receivables	6	3,515.64	-	-	-	-	3,515.64	3,515.64
Loans	7	1,762.30	-	-	-	-	1,762.30	1,762.30
Others financial assets	8	3,656.71	-	-	-	-	3,656.71	3,656.71
Cash and cash equivalents	13	77.64	-	-	-	-	77.64	77.64
Other bank balances	14	41.97	-	-	-	-	41.97	41.97
Liabilities:								
Borrowings (including current maturities of long-term borrowings)	16, 19	4,396.69	-	-	-	-	4,396.69	4,396.69
Trade payables	20	1,616.40	-	-	-	-	1,616.40	1,616.40
Other financial liabilities	17	516.57	-	-	-	-	516.57	516.57

B Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

₹ crore

Particulars	31 March 2018			31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in equity shares (quoted)	3.26	-	-	2.65	-	-
Investments in equity shares (unquoted)	-	20.86	-	-	36.68	-

Note 39 Disclosure in accordance with Ind-AS 24 Related Party Transactions

A. Names of related parties and nature of relationship

	Name of the entity	Country of incorporation	Company's holding as at (%) ^		Subsidiaries of
			31 March 2018	31 March 2017	
a)	**Subsidiaries**				
	Western Securities Limited	India	**97.87**	97.87	Hindustan Construction Company Limited
	HCC Real Estate Limited	India	**100.00**	100.00	Hindustan Construction Company Limited
	Panchkutir Developers Limited	India	**100.00**	100.00	Hindustan Construction Company Limited
	HCC Mauritius Enterprises Limited	Mauritius	**100.00**	100.00	Hindustan Construction Company Limited
	HCC Construction Limited	India	**100.00**	100.00	Hindustan Construction Company Limited
	Highbar Technologies Limited	India	**100.00**	100.00	Hindustan Construction Company Limited
	HCC Infrastructure Company Limited	India	**100.00**	100.00	Hindustan Construction Company Limited
	HCC Mauritius Investments Limited	Mauritius	**100.00**	100.00	Hindustan Construction Company Limited
	Lavasa Corporation Limited	India	**68.70**	68.70	HCC Real Estate Limited
	HRL (Thane) Real Estate Limited	India	**100.00**	100.00	HCC Real Estate Limited
	HRL Township Developers Limited	India	**100.00**	100.00	HCC Real Estate Limited
	Nashik Township Developers Limited	India	**100.00**	100.00	HCC Real Estate Limited
	Maan Township Developers Limited	India	**100.00**	100.00	HCC Real Estate Limited
	Charosa Wineries Limited	India	**100.00**	100.00	HCC Real Estate Limited
	Powai Real Estate Developer Limited	India	**100.00**	100.00	HCC Real Estate Limited
	HCC Realty Limited	India	**100.00**	100.00	HCC Real Estate Limited
	HCC Aviation Limited	India	**100.00**	100.00	HCC Real Estate Limited
	HCC Operation and Maintenance Limited	India	**100.00**	100.00	HCC Infrastructure Company Limited
	Dhule Palesner Operations & Maintenance Limited	India	**100.00**	100.00	HCC Infrastructure Company Limited
	HCC Power Limited	India	**100.00**	100.00	HCC Infrastructure Company Limited
	HCC Energy Limited	India	**100.00**	100.00	HCC Power Limited
	Dasve Business Hotel Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Dasve Hospitality Institutes Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Dasve Convention Center Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Dasve Retail Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Full Spectrum Adventure Limited	India	**90.91**	90.91	Lavasa Corporation Limited
	Future City Multiservices SEZ Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Hill City Service Apartments Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Hill View Parking Services Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Kart Racers Limited	India	**90.00**	90.00	Lavasa Corporation Limited
	Lakeshore Watersports Company Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Lakeview Clubs Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Lavasa Bamboocrafts Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Lavasa Hotel Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Mugaon Luxury Hotels Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	My City Technology Limited	India	**63.00**	63.00	Lavasa Corporation Limited
	Nature Lovers Retail Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Our Home Service Apartments Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Reasonable Housing Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Rhapsody Commercial Space Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Rosebay Hotels Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Sahyadri City Management Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Valley View Entertainment Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Verzon Hospitality Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Warasgaon Assets Maintenance Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Warasgaon Infrastructure Providers Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Warasgaon Power Supply Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Warasgaon Tourism Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Warasgaon Valley Hotels Limited	India	**100.00**	100.00	Lavasa Corporation Limited
	Green Hills Residences Limited	India	**100.00**	60.00	Lavasa Corporation Limited
	Steiner AG	Switzerland	**100.00**	100.00	HCC Mauritius Enterprises Limited 66% HCC Mauritius Investments Limited 34%
	Steiner Promotions et Participations SA	Switzerland	**100.00**	100.00	Steiner- AG
	Steiner (Deutschland) GmbH	Germany	**100.00**	100.00	Steiner- AG
	VM + ST AG	Switzerland	**100.00**	100.00	Steiner- AG
	Steiner Leman SAS	France	**100.00**	100.00	Steiner- AG
	Eurohotel SA	Switzerland	**95.00**	95.00	Steiner- AG
	Steiner India Limited	India	**100.00**	100.00	Steiner- AG
	Manufakt8048 AG (w.e.f. 22 January 2018)	Switzerland	**100.00**	-	Steiner Promotions et Participations SA

^ including through subsidiary companies

Note 39 Disclosure in accordance with Ind AS 24 Related Party Transactions

A. Names of related parties and nature of relationship

		Country of incorporation	Company's holding as at (%) ^	
			31 March 2018	**31 March 2017**
b)	**Joint Venture**			
	HCC Concessions Limited	India	**85.45**	85.45
	Narmada Bridge Tollways Limited	India	**85.45**	85.45
	Badarpur Faridabad Tollways Limited	India	**85.45**	85.45
	Baharampore-Farakka Highways Limited	India	**85.45**	85.45
	Farakka-Raiganj Highways Limited	India	**85.45**	85.45
	Raiganj-Dalkhola Highways Limited	India	**85.45**	85.45
	Ecomotel Hotel Limited	India	**40.00**	51.00
	Spotless Laundry Services Limited	India	**76.02**	76.02
	Whistling Thrush Facilities Services Limited	India	**51.00**	51.00
	Apollo Lavasa Health Corporation Limited	India	**49.00**	49.00
	Andromeda Hotels Limited	India	**40.03**	40.03
	Bona Sera Hotels Limited	India	**26.00**	26.00
	Starlit Resort Limited	India	**26.00**	26.00
	Nirmal BOT Limited	India	**22.22**	22.22
c)	**Associates**			
	Warasgaon Lake View Hotels Limited	India	**24.56**	19.11
	Knowledge Vistas Limited	India	**49.00**	49.00
	Evostate AG	Switzerland	**30.00**	30.00
	MCR Managing Corp. Real Estate	Switzerland	**30.00**	30.00
	Projektentwicklungsges. Parking Kunstmuseum AG	Switzerland	**38.64**	38.64
	Evostate Immobilien AG (w.e.f. 12 October 2017)	Switzerland	**30.00**	-
	Highbar Technocrat Limited (w.e.f. 21 July 2016) (previously known as Osprey Hospitality Limited)	India	**49.00**	49.00

d)	**Other Related Parties**	**Relationship**
	Gulabchand Foundation (formed under section 25 of the Companies Act, 1956)	Other related party
	Hincon Holdings Limited	Other related party
	Hincon Finance Limited	Other related party
	HCC Employee's Provident Fund (refer note below)	Post-employment contribution plan

Note: Refer note 37B(a) for information on transaction related to post-employment contribution plan

B. Key Management Personnel and Relative of Key Management Personnel

Mr. Ajit Gulabchand	Chairman and Managing Director
Mr. Arjun Dhawan	Relative of Key Management Personnel Group Chief Executive Officer and Whole Time Director w.e.f. 1 April 2017
Mr. Rajgopal Nogja	Group Chief Operating Officer and Whole Time Director (upto 2 May 2016) and Group Chief Executive Officer (w.e.f 3 May 2016 to 31 March 2017)
Ms. Shalaka Gulabchand Dhawan	Whole Time Director
Mr. Rajas R. Doshi	Independent Director
Mr. Ram P. Gandhi	Independent Director
Mr. Sharad M. Kulkarni	Independent Director
Mr. Anil C. Singhvi	Independent Director
Mr. Omkar Goswami	Independent Director
Mr. N. R. Acharyulu	Non Executive Director
Mr Praveen Sood	Group Chief Financial Officer
Mr. Arun V. Karambelkar	President and Chief Executive Officer - E&C (upto 31 January 2018)
Mr. Amit Uplenchwar	Chief Executive Officer - E&C (w.e.f. 31 January 2018)
Mr Sangameshwar Iyer	Company Secretary (upto 8 May 2017)
Mr. Venkatesan Arunachalam	Company Secretary (w.e.f. 9 May 2017)

Note 39 Disclosure in accordance with Ind AS 24 Related Party Transactions

C. Nature of Transactions

Transactions with related parties:	**Year ended 31 March 2018**	**₹ crore** Year ended 31 March 2017
Revenue from operations		
- Joint Venture	**350.86**	351.39
Interest received on Inter Corporate Deposits		
- Subsidiaries	**232.70**	212.41
- Joint Venture	**-**	0.34
	232.70	**212.75**
Finance Income on corporate guarantees		
- Subsidiaries	**2.88**	4.15
Services rendered		
- Subsidiaries	**4.71**	4.79
- Joint Venture	**0.54**	4.08
- Associates	**0.02**	-
- Other related parties	**-**	0.52
	5.27	**9.39**
Interest expense on corporate guarantee		
- Subsidiaries	**4.54**	4.66
- Joint Venture	**-**	0.06
	4.54	**4.72**
Other Expenses		
- Subsidiaries	**3.24**	8.01
- Joint Venture	**0.06**	1.61
- Associates	**1.35**	-
- Other related parties	**-**	0.55
	4.65	**10.17**
Inter corporate deposit given during the year		
- Subsidiaries	206.64	195.28
Inter corporate deposit recovered		
- Subsidiaries	7.10	6.25
- Joint Venture	**-**	3.64
	7.10	**9.89**
Inter corporate deposit repaid		
- Subsidiaries	**-**	0.75
Inter corporate deposit taken during the year		
- Subsidiaries	0.02	0.25
Remuneration paid / payable during the year		
- Key Management Personnel	18.38	22.45
Directors' sitting fees paid / payable during the year		
- Key Management Personnel	0.67	0.83

Note 39 Disclosure in accordance with Ind AS 24 Related Party Transactions

	As at 31 March 2018	As at 31 March 2017
Outstanding balances:		
Outstanding receivables		
Trade Receivable		
- Joint Venture	**230.60**	14.66
Interest Receivable		
- Subsidiaries	**201.60**	179.30
Receivable towards reimbursements		
- Subsidiaries	**46.32**	43.54
- Associates	**0.43**	-
- Other related parties	**2.28**	1.72
	49.03	45.26
Inter-Corporate Deposit given		
- Subsidiaries	**1,962.01**	1,736.73
Security Deposit		
- Subsidiaries	**0.50**	0.50
Against Sale of Assets		
- Subsidiaries	**56.83**	56.83
Financial Guarantee given on behalf of Company		
- Subsidiaries	**15.96**	20.50
Outstanding payables		
Inter corporate deposits taken		
- Subsidiaries	**1.14**	1.12
- Joint Venture	**0.58**	0.58
	1.72	1.70
Payable to related parties		
- Subsidiaries	**0.07**	-
- Joint Venture	**151.56**	126.50
- Associates	**-**	0.15
- Other related parties	**1.54**	1.08
	153.17	127.73
Financial Guarantee given by Company		
- Subsidiaries	**15.23**	18.39
Bank guarantees given and outstanding as at the end of the year		
- Subsidiaries	**-**	1.00
- Joint Venture	**30.06**	70.87
Corporate guarantees given and outstanding at the end of the year		
- Subsidiaries	**606.53**	523.48
Corporate guarantees taken and outstanding at the end of the year		
- Subsidiaries	**7,616.59**	8,346.08
Remuneration payable		
- Key Management Personnel	**16.88**	13.80

Notes

(i) The above figure does not include provisional gratuity liability valued by an actuary, as separate figures are not available.

(ii) Refer notes 16.2 and 19.1 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Company or the related parties.

(iii) Refer notes 5.2, 5.3 and 12.2 for pledge of shares for facilities taken by joint venture.

Note 40 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

i Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's total debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	31 March 2018 ₹ crore	31 March 2017 ₹ crore
Increase in basis points	**50 basis points**	50 basis points
Effect on profit before tax, increase by	**7.27**	12.10
Decrease in basis points	**50 basis points**	50 basis points
Effect on profit before tax, decrease by	**7.27**	12.10

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

b Foreign currency risk

The Company has several balances in foreign currency and consequently the Company is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Company, and may fluctuate substantially in the future. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The following table analysis foreign currency risk from financial instruments as at 31 March 2018:

(in crore)

Particulars	**USD**	**EUR**	**SEK**
Liabilities			
Loans from banks	2.31	-	-
Buyers' credit	0.14	0.02	-
Advance from contractee	0.16	0.62	-
Trade payables	1.32	0.34	0.10
Interest accrued on loans	0.12	-	-
	4.05	**0.98**	**0.10**
Assets			
Inter corporate deposits and interest thereon	1.79	-	-
Advance to suppliers	0.02	-	-
Trade receivables	-	0.23	-
Bank balances	0.00 *	0.00 *	-
Unbilled work-in-progress	-	0.36	-
	1.81	**0.59**	**-**
Net liabilities	**2.24**	**0.39**	**0.10**

The following table analysis foreign currency risk from financial instruments as at 31 March 2017:

(in crore)

Particulars	**USD**	**EUR**	**SEK**
Liabilities			
Loans from banks	2.51	-	-
Buyers' credit	0.01	0.13	-
Advance from contractee	0.16	0.65	-
Trade payables	0.04	0.56	0.16
Interest accrued on loans	0.09	-	-
	2.81	**1.34**	**0.16**
Assets			
Inter corporate deposits and interest thereon	1.76	-	-
Advance to suppliers	-	0.11	-
Trade receivables	-	0.23	-
Bank balances	0.00 *	0.00 *	-
Unbilled work-in-progress	-	0.44	-
	1.76	**0.78**	**-**
Net liabilities	**1.05**	**0.56**	**0.16**

Sensitivity analysis

The Company's exposure in foreign currency is not material and hence the impact of any significant fluctuation in the exchange rates is not expected to have a material impact of the operating profits of the Company.

c **Equity price risk**

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Sensitivity analysis

As at 31 March 2018, the exposure to listed equity securities at fair value was ₹ 3.26 crore. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 0.33 crore on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have a material effect on the profit or loss of the Company.

ii **Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from group companies.

a Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Company mainly consists of the government promoted entities having a strong credit worthiness. For other customers, the Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from government promoted agencies and others

Particulars	**31 March 2018** **%**	31 March 2017 %
Revenue from government promoted agencies	**90.38**	89.33
Revenue from others	**9.62**	10.67
	100.00	100.00

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	31 March 2018 **₹ crore**	31 March 2017 ₹ crore
Revenue from top customer	**410.43**	605.29
Revenue from top five customers	**1,850.52**	2,209.67

For the year ended 31 March 2018, one (31 March 2017: four) customers, individually, accounted for more than 10% of the revenue.

The movement of the allowance for lifetime expected credit loss is stated below: ^

Balance at the beginning of the year	-	-
Balance at the end of the year	-	-

b Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings.

iii **Liquidity risk**

Liquidity is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities: ₹ crore

Particulars	**On demand**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**	**Total**
As at 31 March 2018					
Borrowings (including current maturities of long-term borrowings)	1,106.98	335.01	1,514.55	768.86	3,725.40
Trade payables	418.44	1,391.70	-	-	1,810.14
Interest accrued	6.17	287.01	-	-	293.18
Other financial liabilities	253.59	109.47	47.66	2.09	412.81
Total	**1,785.18**	**2,123.19**	**1,562.21**	**770.95**	**6,241.53**
As at 31 March 2017					
Borrowings (including current maturities of long-term borrowings)	1,209.31	355.05	1,679.14	1,153.19	4,396.69
Trade payables	515.74	1,100.66	-	-	1,616.40
Interest accrued	66.77	102.68	-	-	169.45
Other financial liabilities	274.22	20.97	49.84	2.09	347.12
Total	**2,066.04**	**1,579.36**	**1,728.98**	**1,155.28**	**6,529.66**

Note 41 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Company monitors its capital using the gearing ratio which is total debt divided by total capital (equity).

	As at 31 March 2018	As at 31 March 2017
Total debt	**3,725.40**	4,396.69
Total equity	**2,774.94**	2,689.98
Total debt to equity ratio (Gearing ratio)	**1.34**	1.63

In the long run, the Company's strategy is to maintain a gearing ratio of less than 1.25.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings as stated in note 16, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

Note 42 The Company is principally engaged in a single business segment viz. "Engineering and Construction". Also, refer note 40(ii) for information on revenue from major customers.

Note 43 Disclosure of unhedged foreign currency exposure as at 31 March 2018

Particulars	Currency	31 March 2018		31 March 2017	
		Foreign currency in crore	₹ crore	Foreign currency in crore	₹ crore
Assets					
Inter corporate deposits and interest thereon					
- Non-current	USD	**1.51**	**97.47**	1.51	97.56
- Current	USD	**0.28**	**17.81**	0.25	16.38
Advance to suppliers	USD	**0.02**	**1.22**	-	-
	EUR	**-**	**-**	0.11	7.62
	AUD	**-**	**-**	-	-
	SEK	**-**	**-**	-	-
Trade receivables	EUR	**0.23**	**18.16**	0.23	16.07
Bank balances	USD	**0.00 ***	**0.46**	0.00 *	0.19
	EUR	**0.00 ***	**0.46**	0.00 *	0.17
Unbilled work-in-progress	EUR	**0.36**	**28.32**	0.44	31.60
Liabilities					
Loans from banks					
- Non-current	USD	**0.10**	**6.42**	0.93	60.55
- Current	USD	**2.21**	**144.95**	1.58	103.24
Buyers' credit	USD	**0.14**	**9.07**	0.01	0.59
	EUR	**0.02**	**1.82**	0.13	8.80
Advance from contractee	USD	**0.16**	**10.70**	0.16	10.65
	EUR	**0.62**	**50.30**	0.65	45.32
Trade payables	USD	**1.32**	**86.44**	0.04	2.47
	EUR	**0.34**	**27.40**	0.56	38.83
	SEK	**0.10**	**0.81**	0.16	1.17
Interest accrued on loans	USD	**0.12**	**7.92**	0.09	5.62
Net liability			**(181.93)**		(107.65)

Note 44 * represents amount less than ₹ 1 lakh.

Independent Auditor's Report

To The Members of Hindustan Construction Company Limited

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

2) The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its associates and joint ventures are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and its associate companies and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3) Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4) While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5) We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6) An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7) We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in paragraph 14 of the Other Matters paragraph, is sufficient and appropriate to provide a basis for our qualified audit opinion on these consolidated financial statements.

Basis for Qualified Opinion

8) As stated in Note 35.2 to the consolidated financial statements, relating to the Group's carrying value of net assets (capital employed) aggregating ₹ 3,244.18 crore (including capital work in progress amounting to ₹ 1,196.80 crore stated in Note 35.3), goodwill amounting to ₹ 95.04 crore and non-controlling interest amounting to ₹ 482.99 crore as at 31 March 2018 in Lavasa Corporation Limited (LCL), being considered good and recoverable by the management. However, this subsidiary has accumulated losses and its consolidated net worth is fully eroded as at 31 March 2018. Further, this subsidiary is facing liquidity constraints due to which it may not be able to realize projections made as per its business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these assets and the consequential impairment losses, if any, on the accompanying consolidated financial statements. Our opinion on the consolidated financial statements for the year ended 31 March 2017 was also qualified in respect of this matter.

9) We draw attention to the following qualifications to the audit opinion on the consolidated financial statements of HCC Real Estate Limited (HREL), a subsidiary of the Holding Company, issued by us vide our report dated 2 May 2018 on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:

(i) Note 16.4 to the consolidated financial statements, regarding a subsidiary company, LCL's, 'non-current borrowings' and 'other current financial liabilities' which include balances amounting to ₹ 537.16 crore and ₹ 2,530.41 crore, respectively as at 31 March 2018 in respect of which direct confirmations from the respective lenders have not been received, although we have been able to perform alternate procedures with respect to these balances. However, in the absence of such confirmations from the lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.

(ii) Note 16.6 to the consolidated financial statements, regarding a subsidiary company, Warasgaon Assets Maintenance Limited (WAML)'s, 'other current financial liabilities' which include balances amounting to ₹ 1,030.34 crore as at 31 March 2018 pertaining to borrowings from lenders which have been classified as non-performing assets and in respect of which direct confirmations from the respective lenders have not been received. In the absence of such confirmations from lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.

(iii) Note 16.7 to the consolidated financial statements, regarding a subsidiary company, Dasve Retail Limited (DRL)'s, 'other current financial liabilities' which include balances amounting to ₹ 19.83 crore as at 31 March 2018 pertaining to borrowing from a bank which has been classified as non-performing asset and in respect of which direct confirmation from the bank has not been received. In the absence of such confirmation from the bank, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.

(iv) Note 35.6 to the consolidated financial statements, relating to HREL Group's carrying value of net assets (capital employed) aggregating ₹ 85.26 crore as at 31 March 2018 in Charosa Wineries Limited (CWL), a subsidiary company, being considered good and recoverable by the management. However, this subsidiary has accumulated losses and the net worth has been fully eroded as at 31 March 2018 and its borrowings payable to bank and other payables exceeds the market value of its assets as on that date. Management has assessed that no adjustments are required to the carrying value of the net assets which is not in accordance with the requirement of Ind AS 36, Impairment of Assets. Consequently, in the absence of sufficient appropriate audit evidence to support the management's contention, we are unable to comment upon adjustment, if any, that are required to the carrying value of these net assets and the consequential impact on the accompanying consolidated financial statements.

Qualified Opinion

10) In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group, its associates and joint ventures as at 31 March 2018, and their consolidated loss (consolidated financial performance including other comprehensive loss), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matters

11) We draw attention to:

a) Note 34 to the consolidated financial statements, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 686.24 crore, ₹ 123.39 crore and ₹ 214.38 crore, respectively, as at 31 March 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/ discussion/ arbitration/ litigations. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in the accompanying consolidated financial statements. Our opinion is not modified in respect of this matter.

b) Note 33.1 to the consolidated financial statements, regarding Group's non-current investment in HCC Concessions Limited (HCL), a joint venture company of HCC Infrastructure India Limited (HICL), aggregating ₹ 292.81 crore as at 31 March 2018. The consolidated net-worth of the aforesaid joint venture has been fully eroded; however, based on certain estimates and other factors, including joint venture's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount is higher than the carrying value of the investments due to which these are considered as good and recoverable. Our opinion is not modified in respect of this matter.

c) Note 27.1 to the consolidated financial statements, regarding remuneration of ₹ 10.66 crore paid for each of the financial years ended 31 March 2014 and 31 March 2016 to the Chairman and Managing Director (CMD), which is in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956/ the Companies Act, 2013, respectively and for which the Company has filed an application for review / an application, respectively with the Central Government; however approval in this regard is pending till date. Our opinion is not modified in respect of this matter.

12) We draw attention to the following emphasis of matters and material uncertainty related to going concern included in the audit report issued by us dated 2 May 2018 on the consolidated financial statements of HREL, a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:

    a) Note 35.1 to the consolidated financial statements, which describe the uncertainty related to the outcome of appeal filed by LCL with National Green Tribunal against the Order of the Ministry of Environment and Forests dated 9 November 2011 according environment clearances which are subject to compliance of certain terms and conditions by LCL. Pending the final outcome, which is presently unascertainable, no adjustments have been made in the consolidated financial statements as the management is of the view that they have sufficient grounds to believe that no additional costs will be incurred to comply with the conditions imposed. Our opinion is not modified in respect of this matter.

    b) Note 16.5 to the consolidated financial statements, which describe that interest and principal in respect of non-convertible debenture holders (secured against land asset of LCL), listed on BSE, are overdue as at 31 March 2018. The management of LCL is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, the management of LCL believes that such overdue will not have any implications on the consolidated financial statements. Our opinion is not modified in respect of this matter.

    c) Note 9.1 to the consolidated financial statements, which describe the restatement of the comparative financial statements of LCL for the year ended 31 March 2017, to correct an error in the deferred tax liabilities recorded as at 31 March 2017 in accordance with the requirements of Ind AS 8 - Accounting policies, changes in accounting estimates and errors. Further, as described in the said note this restatement does not have an impact on the opening balance sheet of the preceding period. Our opinion is not modified in respect of this matter.

    d) Note 35.5 to the consolidated financial statements, regarding a subsidiary company, HREL's, 'non-current investments' in its joint ventures and associates, and non-current loans and current trade receivables which include dues from such joint ventures and associates aggregating ₹ 51.66 crore, ₹ 56.34 crore and ₹ 19.48 crore, respectively. The net worth of the aforesaid joint ventures and associates as at 31 March 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended 31 March 2018. The operations of these joint ventures and associates are dependent on the project undertaken by the respective companies as a group. Based on this and other factors stated in aforementioned note, management of HREL has considered these balances as fully recoverable. Our opinion is not modified in respect of this matter.

    e) Note 35.7 to the consolidated financial statements, which indicates that HREL Group has incurred net loss of ₹ 961.30 crore during the year ended 31 March 2018 and as of that date, has accumulated losses amounting to ₹ 2,223.59 crore and which has resulted in complete erosion of its net-worth and its current liabilities exceeded its current assets by ₹ 3,883.31 crore. The operations of the HREL Group are dependent on the effectiveness of the project undertaken by LCL and its components. LCL and its two subsidiaries have defaulted in repayment of borrowings from the lenders and is in the process of submitting a resolution plan to the consortium of lenders for revival of its business and restructuring the repayment of borrowings. LCL has also defaulted in repayment of dues to non-convertible debentures and is in the process of restructuring the terms of repayment with them. The above factors indicate a material uncertainty, which may cast significant doubt about the HREL Group's ability to continue as a going concern. Basis the factors mentioned in the aforesaid note, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

13) We draw attention to the following emphasis of matters included in the audit report issued by an independent firm of Chartered Accountants, vide their report dated 2 May 2018, on the consolidated financial statements of HCC Infrastructure Company Limited (HICL), a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:

a) Note 36.1 to the consolidated financial statements, in respect of Raiganj-Dalkhola Highways Limited (RDHL) a joint venture company of HICL, where National Highway Authority of India (NHAI) has served notice of termination of contract to RDHL due to delay in re-start of work at project. For the reasons mentioned in the note, as per terms of the contract, RDHL is confident to full recovery of its claims of ₹ 368.00 crore made before the Arbitration for wrongful termination of the project. In view of this, cost incurred by RDHL appearing under intangible assets under development amounting to ₹ 177.42 crore is considered fully recoverable by the management of RDHL. Hence, no provision for such loss is considered necessary. Our opinion is not modified in respect of this matter.

b) Note 36.2 to the consolidated financial statements. RDHL has filed a claim before arbitration for wrongful termination of the project by NHAI. Also, it has filed another claim for cost incurred on the project till the date of termination for which the constitution of Arbitral Tribunal to adjudicate this claim is awaited. Management of RDHL is confident of full recovery of its claims. Also, the net-worth of RDHL is positive and hence management views the entity as a going concern. However, these conditions along with other matters as set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about RDHL's ability to continue as a going concern. The appropriateness of assumption of going concern is critically dependent upon the RDHL's ability to succeed in its claim of wrongful termination before the arbitration. Our opinion is not modified in respect of this matter.

c) Note 37 to the consolidated financial statements, regarding, a joint venture company of HICL, Badarpur Faridabad Tollways Limited (BFTL), whose net-worth is negative as at 31 March 2018 as the accumulated losses have exceeded the paid up share capital of BFTL. Consequent to the intention to issue termination notice issued by BFTL vide letter dated 31 March 2017, BFTL issued the termination notice to NHAI on 1 September 2017, terminating the Concession Agreement (CA) of the project entered into by BFTL with NHAI dated 4 September 2008 due to various reasons/authority defaults mentioned therein and demanded termination payment of ₹ 775.00 crore. NHAI refuted the termination initiated by BFTL. NHAI, in turn, issued suspension notice dated 28 August 2017 and took over the project. Subsequent to its suspension notice, NHAI terminated the CA, vide letter dated 23 February 2018. BFTL refuted NHAI's termination stating that NHAI's termination is invalid, as BFTL had already terminated CA, vide termination notice dated 1 September 2017. BFTL has referred termination dispute for resolution as per Dispute Resolution Procedure (Arbitration) provided in the CA. Based on the legal advice obtained in this respect, BFTL has represented that it is confident of recovering the amount from NHAI and therefore has accounted the same under current financial assets in its standalone financial statements. Despite negative net-worth, the management of BFTL views the entity as going concern. These conditions indicate existence of material uncertainty that may cast significant doubt about BFTL's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

d) Note 33.2 to the consolidated financial statements, in respect of HICL group's accumulated losses exceeding its equity by ₹ 1,557.65 crore. HICL group has incurred loss of ₹ 200.60 crore during the year ended 31 March 2018. Despite negative net worth of the HICL's group, the consolidated financial statements of HICL group have been prepared on a going concern basis for the reasons mentioned in the aforesaid note. The appropriateness of the basis is inter alia dependent upon HICL group's ability to generate higher fair market value by HICL, of its investment in joint venture, namely HCL and ongoing incubation of other infrastructure businesses which will create further value for the HICL group. These conditions, along with other matters as set forth in aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about HICL group's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Other Matters

14) (a) We did not audit the financial statements/financial information of eighteen subsidiaries, whose financial statements/financial information reflect total assets of ₹ 4,071.11 crore and net liabilities of ₹ 1,156.88 crore as at 31 March 2018 and total revenues of ₹ 5,526.25 crore and net cash inflows of ₹ 125.50 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 35.95 crore for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of four associates and seven joint ventures, whose financial statements / financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by, and the reports of the, other auditors.

(b) Further, the consolidated financial statements include financial statements/ financial information of seven joint operations, whose financial statements/financial information reflect total assets of ₹ 29.73 crore and net liabilities of ₹ 38.64 crore as at 31 March 2018 and total revenues of ₹ 19.90 crore for the year ended on that date. The Holding Company had prepared separate set of financial statements of these joint operations for the years ended 31 March 2018 in accordance with accounting principles generally accepted in India and which have been audited by other auditors under generally accepted auditing standards applicable in India. Our opinion in so far it relates to the amounts and disclosure in respect of these joint operations is solely based on report of the other auditors and the conversion adjustments prepared by the management of the Holding Company, which have been audited by us.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by, and the reports of the, other auditors.

15) We did not audit the financial information of a subsidiary, whose financial information reflect total assets of ₹ 47.52 crore and net liabilities of ₹ 43.54 crore as at 31 March 2018 and total revenues of ₹ 0.56 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include Group's share of net loss (including other comprehensive income) of ₹ 0.80 crore for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of two associates and three joint ventures, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, associates and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, associates and joint ventures, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given by the management, these financial statements/financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements/financial information certified by the management.

Report on Other Legal and Regulatory Requirements

16) As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, we report, to the extent applicable, that:

a) We have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

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 matters described in paragraph 8 and paragraph 9 of the Basis for Qualified Opinion paragraph with respect to the financial statements of the Holding Company and HREL, a subsidiary of the Holding Company, respectively;

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 matters described in the Basis for Qualified Opinion paragraphs, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS prescribed under section 133 of the Act;

e) The matters described in paragraphs 8, 9, 11, 12 and 13 under the Basis for Qualified Opinion and Emphasis of Matters paragraphs, in our opinion, may have an adverse effect on the functioning of the Holding Company, HREL group and HICL group, subsidiaries of the Holding Company;

f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate companies and joint ventures companies covered under the Act, none of the directors of the Group companies, its associate companies and joint venture companies, covered under the Act, is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragragh 8 and paragragh 9 of the Basis for Qualified Opinion paragraph, with respect to the Holding Company and HREL, a subsidiary of the Holding Company, respectively;

h) With respect to the adequacy of the internal controls over financial reporting of the Holding Company, its subsidiary companies, associate companies, joint venture companies covered under the Act and the operating effectiveness of such controls, refer to our separate Report in 'Annexure I';

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries, associates and joint ventures:

   i. except for the possible effects of the matters described in paragraphs 8 and 9 of the Basis for Qualified Opinion paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed Notes 6.1, 16.4, 16.5, 16.6, 16.7, 27.1 32(i), (ii) (iii) and (vi), 34, 35.1, 35.7, 36.1, 36.2 and 37, to in the consolidated financial statements;

ii. except for the possible effects of the matters described in Basis for Qualified Opinion paragraph, provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses on long-term contracts including derivative contracts, as detailed in Note 18.2 to the consolidated financial statements;

iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies and joint venture companies covered under the Act;

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

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

Place: Mumbai
Date: 3 May 2018

Annexure I 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 2018

Annexure I

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

1. In conjunction with our audit of the consolidated financial statements of the Hindustan Construction Company Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and its joint ventures as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its forty eight subsidiary companies, three associate companies and fourteen joint ventures, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its forty eight subsidiary companies, three associate companies and fourteen joint ventures companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate companies and joint venture companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the IFCoFR of the Holding Company, its subsidiary companies, associate companies and joint venture companies, as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

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

   The Holding Company internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of subsidiary's net assets (capital employed), goodwill on consolidation and non-controlling interest were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets and consequently, also impact the loss (financial performance including other comprehensive loss) after tax.

   We draw attention to the following material weakness included in the report on IFCoFR issued by us dated 2 May 2018 on consolidated financial statements of HREL, a subsidiary company of the Holding Company, and reproduced by us as under:

   Charosa Wineries Limited's, a subsidiary company, internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of net assets (capital employed) were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets and consequently, also impact the loss (financial performance including other comprehensive loss) after tax.

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

Qualified Opinion

10. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the eight subsidiaries companies, an associate company and seven joint venture companies, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Holding Company, its forty eight subsidiary companies, its three associate companies and fourteen joint venture companies, which are companies covered under the Act, have, in all material respects, adequate IFCoFR and such controls were operating effectively as at 31 March 2018, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group and its associate companies and joint venture companies, which are companies covered under the Act as at and for the year ended 31 March 2018, and the material weakness has affected our opinion on the consolidated financial statements of the Group and its associate companies and joint venture companies, which are companies covered under the Act and we have issued a qualified opinion on the consolidated financial statements.

Other Matters

12. We did not audit the IFCoFR in so far as it relates to eight subsidiary companies, which are companies covered under the Act, whose financial statements/financial information reflect total assets of ₹ 407.69 crore and net liabilities of ₹ 1,532.98 crore as at 31 March 2018, total revenues of ₹ 102.07 crore and net cash inflows of ₹ 1.63 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 32.29 crore for the year ended 31 March 2018, in respect of an associate and seven joint ventures, which are companies covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to such subsidiary companies, associate company and joint venture companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its forty eight subsidiary companies, its three associate companies and fourteen joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, associate company and joint venture companies is based solely on the reports of the auditors of such companies.

    Our opinion is not modified in respect of this matter with respect to our reliance on the work done by, and on the reports of the, other auditors.

13. We did not audit the IFCoFR in so far as it relates to a subsidiary company, which is company covered under the Act, whose financial statement/financial information reflect total assets of ₹ 47.52 crore and net liabilities of ₹ 43.54 crore as at 31 March 2018, total revenues of ₹ 0.56 crore and net cash inflows of ₹ 0.02 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 0.80 crore for the year ended 31 March 2018, in respect of two associates and three joint ventures, which are companies covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to a subsidiary company, two associate companies and three joint venture companies are unaudited and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its forty eight subsidiary companies, its three associate companies and fourteen joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to a subsidiary company, two associate companies and three joint venture companies is based solely on representation provided by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements/ financial information are not material to the Group

    Our opinion is not modified in respect of this matter with respect to our reliance on representation provided by the management.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Rakesh R. Agarwal**

Partner

Membership No.: 109632

Place: Mumbai

Date: 3 May 2018

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2018

	Note No.	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1,556.10**	1,558.94
Capital work-in-progress	3	**1,713.92**	1,890.42
Investment property	3.2	**2.73**	2.74
Goodwill	4	**134.40**	124.49
Other Intangible assets	4	**36.05**	25.22
Biological assets	3	**1.49**	1.62
Financial assets			
Investments	5	**391.90**	442.89
Trade receivables	6	**1,375.13**	1,429.09
Loans	7	**79.60**	25.04
Other financial assets	8	**8.18**	7.45
Deferred tax assets (net)	9	**0.72**	26.70
Income tax assets (net)	9	**120.64**	69.63
Other non current assets	10	**117.10**	143.80
Total non-current assets		**5,537.96**	5,748.03
Current assets			
Inventories	11	**2,504.06**	2,607.94
Financial assets			
Investments	12	**25.19**	33.23
Trade receivables	6	**2,465.28**	2,307.70
Cash and cash equivalents	13	**404.18**	227.74
Other bank balances	14	**547.91**	531.40
Loans	7	**19.98**	83.37
Other financial assets	8	**4,705.00**	5,120.43
Other current assets	10	**455.36**	433.92
Total current assets		**11,126.96**	11,345.73
Assets classified as held for sale	3.1	**-**	2.00
TOTAL ASSETS		**16,664.92**	17,095.76
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	**101.55**	101.07
Other equity		**(1,169.63)**	(369.06)
Equity attributable to owners of the parent		**(1,068.08)**	(267.99)
Non-controlling interests		**(482.99)**	(207.09)
Total equity		**(1,551.07)**	(475.08)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	**3,661.66**	6,154.37
Other financial liabilities	17	**0.28**	1.00
Provisions	18	**170.14**	184.00
Deferred tax liabilities (net)	9	**40.23**	49.83
Other non-current liabilities	21	**0.06**	0.13
Total non-current liabilities		**3,872.37**	6,389.33
Current liabilities			
Financial liabilities			
Borrowings	19	**1,123.24**	1,240.36
Trade payables	20	**3,646.95**	3,462.92
Other financial liabilities	17	**6,361.05**	3,460.56
Other current liabilities	21	**2,937.53**	2,808.07
Provisions	18	**274.85**	209.60
Total current liabilities		**14,343.62**	11,181.51
TOTAL EQUITY AND LIABILITIES		**16,664.92**	17,095.76

Hindustan Construction Company Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

	Note No.	**Year ended 31 March 2018 ₹ crore**	Year ended 31 March 2017 ₹ crore
Income			
Revenue from operations	22	**10,132.46**	9,866.78
Other income	23	**56.08**	81.07
Total income		**10,188.54**	9,947.85
Expenses			
Cost of construction materials consumed	24	**1,073.69**	870.27
Purchase of traded goods		**0.18**	0.83
Subcontracting expenses		**6,437.95**	6,278.76
Change in Inventories	25	**49.85**	(0.21)
Construction expenses	26	**476.61**	567.88
Employee benefits expense	27	**1,021.61**	995.44
Finance costs	28	**1,525.38**	1,542.87
Depreciation and amortisation expense	4.2	**201.33**	205.82
Other expenses	29	**303.06**	392.47
Total expenses		**11,089.66**	10,854.13
Loss before exceptional items and tax		**(901.12)**	(906.28)
Exceptional items	30	**(160.19)**	(21.22)
Loss before share of (profit)/loss of associates and joint ventures and tax		**(1,061.31)**	(927.50)
Share of loss of associates and joint ventures		**(38.90)**	(94.66)
Loss before tax		**(1,100.21)**	(1,022.16)
Tax expense/ (credit)			
Current income tax	9	**29.22**	50.25
Deferred income tax	9	**(39.43)**	(89.81)
		(10.21)	(39.56)
Loss for the year		**(1,090.00)**	**(982.60)**
Other comprehensive income/(loss) (OCI)			
(a) Items not to be reclassified subsequently to profit or loss (net of tax)			
- Gain on fair value of defined benefit plans as per actuarial valuation		**38.16**	57.39
- Loss on fair value of equity instruments		**(15.00)**	20.13
(b) Items to be reclassified subsequently to profit or loss (net of tax)			
- Loss on exchange fluctuations		**(29.43)**	(17.40)
Other comprehensive income/(loss) for the year, net of tax		**(6.27)**	60.12
Total comprehensive loss for the year, net of tax		**(1,096.27)**	(922.48)
Total comprehensive loss for the year attributable to:			
Non controlling interest		**(275.90)**	(224.58)
Owners of the parent		**(820.37)**	(697.90)
Earnings per equity share of nominal value ₹ 1 each			
Basic and diluted (in ₹)	31	**(8.03)**	(9.12)

Hindustan Construction Company Limited
Consolidated Cash Flow Statement for the year ended 31 March 2018

	₹ Crore	Year ended 31 March 2018 ₹ Crore	Year ended 31 March 2017 ₹ Crore
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) before tax		**(1,100.21)**	(1,022.16)
Adjustments for			
Depreciation and amortisation expense	**201.33**		205.82
Finance costs	**1,525.38**		1,542.87
Interest income	**(26.59)**		(18.72)
Profit on sale of non-current investments	**(0.08)**		-
Trade receivables and work in progress written off	**-**		35.97
Gain on restructuring of debts	**-**		(14.75)
Gain on fair valuation of investments	**(1.19)**		-
Impairment loss provision on financial / non-financial assets	**168.30**		65.91
Provision for foreseeable losses	**12.79**		53.12
Provision for warranty	**39.62**		(12.10)
Dividend income	**(0.48)**		(1.20)
Foreign currency monetary translation (net)	**-**		(2.82)
Unrealised foreign exchange loss/ (gain) (net)	**7.71**		(10.02)
Loss on sale of property, plant and equipment (net)	**0.57**		2.35
Excess provision no longer required written back	**(2.83)**		(2.37)
		1,924.52	1,844.08
Operating profit before working capital changes		**824.32**	821.92
Adjustments for changes in working capital:			
(Increase) / Decrease in trade receivables	**(103.61)**		(1,019.20)
(Increase) / Decrease in loans and advances / other advances	**255.00**		(410.44)
(Increase) / Decrease in inventories	**103.87**		(198.85)
Increase / (Decrease) in trade and other payables	**464.78**		96.15
Increase / (Decrease) in advance from contractees	**(118.07)**		780.74
		601.97	(751.60)
Cash generated from operations		**1,426.29**	70.32
Direct taxes paid (net of refunds received)		**(24.41)**	(22.67)
Net cash generated from operating activities		**1,401.88**	47.65
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including capital work in progress and capital advances)	**44.16**		(244.02)
Proceeds from sale of property, plant and equipment	**12.96**		16.29
Proceeds from sale of non-current investments	**45.77**		142.87
Net investments in bank deposits (having original maturity of more than three months)	**(17.24)**		14.92
Interest received	**24.03**		9.77
Dividend received	**0.48**		1.20
Net cash generated from/ (used in) investing activities		**110.16**	(58.97)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital (including securities premium)	**19.81**		808.56
Proceeds from/ (repayments of) non-current borrowings (net)	**(207.26)**		1,208.64
Proceeds from/ (repayments of) current borrowings (net)	**(117.12)**		(909.32)
Interest and other finance charges	**(1,030.92)**		(1,062.09)
Dividend paid	**(0.16)**		(0.18)
Net cash (used in)/generated from financing activities		**(1,335.65)**	45.61
Net increase in cash and cash equivalents (A+B+C)		**176.39**	34.29
Cash and cash equivalents at the beginning of the year		**227.74**	193.45
Unrealised foreign exchange gain		**0.05**	0.01
Cash and cash equivalents at the end of the year (Refer note 13)		**404.18**	227.74

Note:

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. Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

2. Additions to property, plant and equipment include movements of capital work-in-progress, capital advances and capital creditors respectively during the year.

Hindustan Construction Company Limited
Consolidated Statement of Change in Equity for the year ended 31 March 2018

a) Equity share capital

Particulars	Number	₹ crore
Equity shares of ₹ 1 each issued, subscribed and paid		
As at 1 April 2016	77,91,06,906	77.91
Issue of equity shares [Refer note 15(f)]	23,15,44,729	23.15
As at 31 March 2017	**1,01,06,51,635**	**101.06**
Issue of equity shares [Refer note 15(f)]	47,59,291	0.48
As at 31 March 2018	**1,01,54,10,926**	**101.54**

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 reserve	Debenture redemption reserve	Foreign currency monetary translation account	General reserve	Retained earnings	Net gain on fair value of defined benefit plans	Net gain/ (loss) on fair value of equity instruments	Gain/(loss) on exchange fluctuations		
As at 1 April 2016	**53.05**	**0.02**	**1,323.25**	**85.46**	**4.19**	**180.24**	**(2,236.32)**	**25.67**	**(12.36)**	**34.26**	**17.49**	**(560.03)**
Loss for the year	-	-	-	-	-	-	(982.60)	-	-	-	(224.58)	**(758.02)**
Other comprehensive income for the year	-	-	-	-	-	-	-	57.39	20.13	(17.40)	-	**60.12**
- Issue of share capital [Refer note 15(f)]	-	-	785.40	-	-	-	-	-	-	-	-	**785.40**
- Restatement of foreign currency monetary translation items	-	-	-	-	(2.14)	-	-	-	-	-	-	**(2.14)**
- Amortization of foreign currency monetary translation items	-	-	-	-	(0.68)	-	-	-	-	-	-	**(0.68)**
As at 31 March 2017	**53.05**	**0.02**	**2,108.65**	**85.46**	**1.37**	**180.24**	**(3,218.92)**	**83.06**	**7.77**	**16.86**	**(207.09)**	**(475.35)**
Deferred tax adjustment (Refer Note 9.1)	**-**	**-**	**-**	**-**	**-**	**-**	**106.29**	**-**	**-**	**-**	**-**	**106.29**
Restated balance as at 31 March 2017	**53.05**	**0.02**	**2,108.65**	**85.46**	**1.37**	**180.24**	**(3,112.63)**	**83.06**	**7.77**	**16.86**	**(207.09)**	**(369.07)**
Loss for the year	-	-	-	-	-	-	(1,090.00)	-	-	-	(275.90)	**(814.10)**
Other comprehensive income for the year	-	-	-	-	-	-	-	38.16	(15.00)	(29.43)	-	**(6.27)**
Impact of acquisition/disposal of partial interest in subsidiary	-	-	-	-	-	-	30.46	-	-	-	-	**30.46**
Addition / (deletion) during the year	-	-	-	-	-	-	(29.25)	-	-	-	-	**(29.25)**
- Issue of share capital [Refer note 15(f)]	-	-	19.33	-	-	-	-	-	-	-	-	**19.33**
- Restatement of foreign currency monetary translation items	-	-	-	-	(0.09)	-	-	-	-	-	-	**(0.09)**
- Amortization of foreign currency monetary translation items	-	-	-	-	(0.64)	-	-	-	-	-	-	**(0.64)**
As at 31 March 2018	**53.05**	**0.02**	**2,127.98**	**85.46**	**0.64**	**180.24**	**(4,201.42)**	**121.22**	**(7.23)**	**(12.57)**	**(482.99)**	**(1,169.63)**

Nature and purpose of reserves

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

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

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

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

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

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

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

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

Note 1 Corporate Information

Hindustan Construction Company Limited ("the Company" or "Parent" or "HCC") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India - the Bombay Stock Exchange and the National Stock Exchange. The registered office of the Company having CIN L45200MH1926PLC001228 is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India.

The financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and joint arrangements. The Group is principally engaged in the business of providing engineering and construction services, real estate, infrastructure and urban development and management. These consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2018 were authorised for issue in accordance with resolution of the Board of Directors on 3 May 2018.

Note 2.1 Significant Accounting Policies

i Basis of Preparation

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

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

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency, and all values are rounded to the nearest crores (INR 0,000,000), except when otherwise indicated. Amount presented as "-* " are non zero numbers rounded off in crore and represents amount less than INR 100,000.

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

In case of certain companies of the Group, operating cycle for the business activities, based on the nature of products and time between the acquisition of assets for processing and their realization in cash or cash equivalents have been ascertained as twelve months for the purpose of current / non-current classification of assets and liabilities.

ii Principles of Consolidation

The financial statements have been prepared on the following basis:

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The acquisition method of accounting is used to account for business combination by the Group.

The Group combines the separate financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, contingent liability, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary and practicable to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

(b) Associates

Associates are all entities over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(c) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

The Group recognises its direct right to the assets, liabilities, contingent liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income ("OCI"). Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary and practicable to ensure consistency with the policies adopted by the Group.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy described in note (x)

(e) Change in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests or reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit and loss. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are reclassified to profit or loss as if the Group had directly disposed of the related assets and liabilities.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.

(f) The financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's separate financial statements in preparing the financial statements to ensure conformity with the Group's accounting policies, wherever necessary and practicable.

(g) Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements.

iii Accounting Estimates

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

Estimates and assumptions

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

Contract estimates

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

Recoverability of claims

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

Deferred tax assets

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

Defined benefit plans

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

iv Fair value measurement

The Group measures financial instruments, at fair value at each balance sheet date. (Refer Note 41)

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

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

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

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

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

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

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

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

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

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

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

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

v Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

One percent of the cost of purchase of land is accounted as property, plant and equipment, whereas the balance amount is accounted as stock in trade. The pro-rata amount recorded under property, plant and equipment is reversed as and when any parcel of the land is disposed off.

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

vi Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost.

vii Intangible Assets

Intangible assets comprise of license fees and implementation cost for software and other application software acquired / developed for in-house use. These assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, less accumulated amortisation and accumulated impairment losses, if any.

Costs relating to trademark and design have been treated as intangible assets which also comprise license fees, other implementation costs for software and application software acquired for in-house use.

viii Service concession arrangements

The Group recognises an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognitions of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition, the intangible assets is measured at cost, less any accumulated amortisations and accumulated impairment losses.

ix Depreciation/ Amortisation

a Depreciation/ amortisation is provided:

(i) In respect of buildings and sheds, on the written down value basis considering the useful lives prescribed in Schedule II to the Act.

(ii) In respect of furniture and fixtures, office equipment, computers, plant and machinery, heavy vehicles, light vehicles and speed boat on straight line basis at rates determined on the basis of useful lives prescribed in Schedule II to the Act, on a pro-rata basis. However, certain class of plant and machinery used in construction projects are depreciated on a straight line basis considering the useful life determined based on the technical evaluation and the management's experience of use of the assets, that is a period of three to twelve years, as against the period of nine to twenty years as prescribed in Schedule II to the Act.

(iii) In respect of bearer plants (including oak barrels), on straight line basis over the estimated useful life of four to twenty years on pro-rata basis.

(iv) In respect of certain subsidiaries incorporated in India, on building, plant and machinery, computers, office equipment, furniture and fixtures and motor vehicles is provided on written down value basis considering the useful life determined based on the technical evaluation and the management's experience of use of the assets that is a period of three to twelve years, as against the period of nine to twenty years as prescribed in Schedule II to the Act.

(v) In respect of helicopter and aircraft, on straight line basis considering the useful life, that is a period of eighteen years and fourteen years, respectively, determined based on the technical evaluation and the management's experience of use of the assets, as against the period of twenty years as prescribed in Schedule II to the Act.

(vi) Leasehold improvements are amortised over the useful lives prescribed in Schedule II to the Act or the period of lease, whichever is lower.

(vii) Software and implementation costs including users license fees and other application software costs are amortised on a straight line basis, from the date they are available for use, over their estimated useful lives that is a period of three to five years.

(viii) Trademark and design cost are amortised over their estimated useful lives that is a period of ten years.

b The useful lives have been determined based on technical evaluation carried out by the management's expert, in order to reflect the actual usage of the assets. The asset's useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The change in estimated useful lives is a change in an accounting estimate and is applied prospectively.

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

c For overseas subsidiaries, associates and joint arrangements, depreciation is provided based on estimated useful lives of the fixed assets as determined by the management of such subsidiaries, associates and joint arrangements. In view of different sets of environment in which such entities operate in their respective countries, depreciation is provided based on the management experience of use of assets in respective geographies and local laws. These entities follow straight line method of depreciation spread over the useful life of each individual asset.

d Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and wherever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operation results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating unit is determined based on higher of value-in-use and fair value less cost to sell.

x Financial Instruments

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

a Financial Assets

Initial Recognition

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

Subsequent Measurement

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

Financial Assets at Amortised Cost

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

Financial Assets Measured at Fair Value

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

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

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

Impairment of Financial Assets

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

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

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

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

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

De-recognition of Financial Assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

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

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

b Equity Instruments and Financial Liabilities

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

Equity Instruments

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

Financial Liabilities

1) Initial Recognition

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

2) Subsequent Measurement

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

Financial liabilities at FVPL

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

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

Financial liabilities at amortised cost

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

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

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

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

3) De-recognition of Financial Liabilities

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

c Offsetting Financial Instruments

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

xi Employee Benefits

a Defined Contribution Plan

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

b Defined Benefit Plan

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. Accordingly, the contribution paid or payable and the interest shortfall, if any, is recognised as an expense in the period in which services are rendered by the employee. The Group also provides for gratuity which is a defined benefit plan the liabilities of which are determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Group's obligation into current and non-current is as per the actuarial valuation report.

In case of foreign subsidiaries, the post-employment benefit plan, in the form of a pension, qualify as defined benefit plans. For the purposes of determining the defined benefit obligation at the reporting date, the total defined benefit obligations, made by an independent actuary using the projected unit credit method, are compared to the fair value of the plan assets and resultant surplus or shortfall is recognised as an asset or liability, respectively. Re-measurement, comprising of actuarial gains and losses, in respect of this pension plan are recognised in the OCI, in the period in which they occur.

c Leave entitlement and compensated absences

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

d Short-term Benefits

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

xii Inventories

(a) Raw material, Stores, Spares, Fuel

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

(b) Finished Goods (including Traded and Semi-finished goods)

Finished Goods, traded goods and semi-finished goods are valued at the lower of the cost and NRV. Cost is determined on weighted average basis and include all applicable cost of bringing the goods in their present location and condition. NRV is the estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

(c) Land and Floor Space Index (FSI) Development Right

(i) Cost of land accounted as stock in trade is treated as :
(a) Floor Space Index (FSI) - 95% and
(b) Land - 5%, both being distinct items of inventory.

Cost of FSI and Land are recognised on a weighted average basis and includes purchase / acquisition cost plus all direct and indirect expenditure incurred in connection with the purchase of land. Borrowing costs and overhead expenditure on sectoral / nodal / city level infrastructure, in respect of FSI under development are treated as an element of cost in view of substantial period of time required for development. Land and FSI are valued at lower of cost and net realisable value. Land or FSI utilized for own construction is transferred to Property, Plants and Equipment at cost. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

The stock of raw material stores, food and beverages, groceries and provisions, other guest amenities, other consumables, information technology material, finished products including traded goods and semi finished goods are stated at lower of cost or net realizable value.

(ii) Inventory in Real Estate projects

Real estate projects are valued based on the lower of the construction cost and the sale price until the project is handed over to the purchaser by means of the transfer of title or the transfer of material risks and rewards. Construction / development expenditure includes all direct and indirect expenditure incurred on development of land and/or construction at site, overheads relating to site management and administration. Indirect expenses are allocated to the respective items at the time of their completion or capitalization into Property, Plant and Equipment. Borrowing costs relating to qualifying real estate projects are capitalized over the entire duration of the project. Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of cost and NRV.

(d) Project work in progress

Project work-in-progress is valued at the contract rates and site mobilisation expenditure of incomplete contracts are stated at the lower of cost and net realisable value.

xiii Cash and Cash Equivalents

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

xiv Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment are allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments are disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment and all other assets and liabilities are disclosed as unallocable. Property, plant and equipment that could be used interchangeably among segments are not allocated to reportable segments.

xv Borrowing Costs

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

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

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted unless that period is a necessary part of the process for the construction of the asset.

xvi Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transaction

a Initial Recognition

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

b Conversion

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

c Treatment of Exchange Difference

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

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

d Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities are translated at the closing rate at the date of the balance sheet
2. income, expenses and cash flow items are translated at average exchange rates for the respective periods; and
3. All resulting exchange differences are recognised in OCI.

When a subsidiary is disposed off, in full, the relevant amount is transferred to the Statement of Profit and Loss. However, when change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and borrowings and other financial instrument designated as hedges of such investment, are recognised in OCI. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

xvii Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented with other income.

xviii Revenue Recognition

a Accounting of Construction Contracts

The Group follows the percentage completion method, based on the stage of completion at the Balance Sheet date, taking into account the contractual price and revision thereto by estimating total revenue including claims/variations as per Ind AS 11, Construction Contracts, and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

Revenue is recognised as follows:

- In case of item rate contracts on the basis of physical measurement of work actually completed, at the Balance Sheet date.
- In case of Lump sum contracts, revenue is recognised on the completion of milestones as specified in the contract or as identified by the management. Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.

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

b Accounting of Supply Contracts-Sale of Goods

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

c Accounting for Claims

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

d Dividend Income

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

e Finance and Other Income

Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

f Software service contracts

Revenue from software development (fixed price, fixed time frame contracts, including system development and integration contracts) is recognised as per percentage of completion method where there is no uncertainty as to measurement or collectability.

In case of sales of services, revenue is recognised in the accounting year in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided. The stage of completion is measured by reference to the proportion that service cost incurred for the work performed to date bears to the estimated total service cost. Service cost incurred to date excludes cost that relate to future activity on the contract. Such cost are recognised as an asset and classified under unbilled work-in-progress.

Annual maintenance service contracts are recognised proportionately over the year in which the services are rendered.

Revenue for sale of user license for software application is recognised on the transfer of title/products, in accordance with the sales contract.

g Sale of Land, Constructed units and FSI

Revenue is recognised in the period in which agreement to lease is executed. Income from sale of land (including on a long term lease basis) is recognised on transfer of all significant risks and rewards of ownership to the buyers and a reasonable expectation of collection of sale consideration from the buyers exists. Exchange of parcels of land against other parcels of land is not treated as sale but is adjusted in the land cost.

h Revenue from Real Estate projects

Revenue from Total and General Contracting (TC/GC)

Long-term contracts for the construction of third-party real estate are accounted for using the percentage of completion (POC) method. The degree of completion is determined on the basis of the physical measurement of work performed on the construction site. The different executed activities of the project are measured based on available units in comparison to the total quantities needed for the completion (surveys of the work performed-method). With the application of the surveys of the work performed method, the difference between contract costs incurred and contract cost recognised (billed) is adjusted to the "cost incurred on GC/TC project" under unbilled /work in progress.

Contract costs are recognized as an expense in the year in which they are incurred. Contracts and groups of contracts for which the degree of completion or the outcome cannot be reliably estimated are capitalized/inventorised only to the extent of the amount of the contract costs that are likely to be recoverable. Anticipated losses from construction contracts are covered in full by valuation allowances. In accounting for contracts in progress, contractual revenue comprises the contractually agreed revenue and amendments / variations and claims that have been confirmed by the customer or for which payment is considered highly probable.

Revenue from Real Estate Development

Revenue from the sale of real estate projects is recognised on the transfer of title or the transfer of material risks and rewards to the purchaser. Real estate investor projects are accounted for as construction contracts based on POC. Accordingly, revenue and the gains of development is recognised along the construction of the project.

The separate sale of project development rights and plans is accounted for as sale and gains are realised at the time of the transfer of risks and rewards. Revenue from sale of real estate development projects with multiple buyers (i.e. condominium projects) is recognised if the POC is above 25%.

Revenue from constructed properties for all projects is recognized in accordance with the "Guidance Note on Accounting for Real Estate Transactions" ('Guidance Note'). As per this Guidance Note, the revenue has been recognized on percentage of completion method and on the percentage of actual project costs incurred thereon to total estimated project cost, provided the conditions specified in Guidance Note are satisfied.

i Project management consultancy fees

Revenue from project management consultancy fees is recognised on accrual basis, as per terms of the agreement with the customer.

j Revenue from rent

Rent is recognised on time proportionate basis.

k Revenue from services (Room rent and allied services)

Revenue comprises of revenue from room rent and other allied services relating to hotel operation. Revenue is recognised upon rendering of services and the collectability is reasonably measured.

l Other miscellaneous incomes (Tuition fees, Installation and other services)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

xix Income Tax

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

a Current Income Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the applicable income tax rate for each jurisdiction. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Deferred Income Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

xx Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

xxi Impairment of Non-Financial Assets

As at each Balance Sheet date, the Group assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Group determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:
- In case of an individual asset, at the higher of the asset's fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xxii Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

xxiii Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within the normal operating cycle after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

xxiv Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xxv Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

xxvi Provision for warranty

In case of real estate projects of a subsidiary, the estimated liability for warranty is recorded on the building and its components during the construction period. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions during the construction period under warranty phase.

xxvii Resurfacing expenses

Resurfacing costs are recognised and measured in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets" i.e. at the best estimate of the expenditure required to settle the present obligation at each reporting date.

xxviii Securities Premium Account

(i) Securities premium includes:
A. The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

(ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

xxix Share Based Payments

Certain employees of the Group are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest using fair value in accordance with Ind-AS 102, Share based payment.

xxx Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

Note 2.2 Recent accounting pronouncements

1) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

2) Ind AS 115, Revenue from Contract with Customers:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch - up approach)

The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant

Note 3 Property, plant and equipment

₹ in crore

Particulars	Freehold land	Leasehold Land	Leasehold improvements	Building and sheds	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Helicopter/ Aircraft	Speed boat	Computers	Total	Biological Assets
Net carrying value (at deemed cost)													
As at 1 April 2016	18.08	21.43	9.69	849.29	737.11	15.75	35.59	77.00	129.79	1.05	4.45	1,899.23	1.87
Additions	-	-	2.85	27.90	39.24	-	0.16	2.90	-	-	0.59	73.64	-
Disposals	-	(1.31)	-	-	(19.45)	(0.22)	(0.26)	(0.97)	-	-	(1.96)	(24.17)	-
Adjustments	-	-	-	-	(2.17)	-	-	-	(1.05)	-	-	(3.22)	-
As at 31 March 2017	**18.08**	**20.12**	**12.54**	**877.19**	**754.73**	**15.53**	**35.49**	**78.93**	**128.74**	**1.05**	**3.08**	**1,945.48**	**1.87**
Additions	-	29.62	-	29.71	128.98	0.01	7.91	5.82	-	-	2.46	204.50	-
Disposals	-	(0.68)	-	(0.55)	(20.33)	-	(0.49)	(0.29)	-	-	(1.70)	(24.03)	-
Adjustments	-	-	-	-	0.30	-	-	-	0.23	-	-	0.54	-
As at 31 March 2018	**18.08**	**49.06**	**12.54**	**906.35**	**863.68**	**15.54**	**42.91**	**84.47**	**128.97**	**1.05**	**3.84**	**2,126.49**	**1.87**
Accumulated depreciation													
As at 1 April 2016	-	0.03	2.13	62.10	100.57	3.80	3.35	11.24	10.37	0.11	0.84	194.51	0.12
Depreciation charge	-	0.05	2.17	46.49	117.64	2.26	10.55	9.26	10.55	0.11	1.11	200.19	0.13
Accumulated depreciation on disposals	-	(0.18)	-	-	(5.46)	(0.12)	(0.12)	(0.52)	-	-	(1.79)	(8.19)	-
As at 31 March 2017	**-**	**(0.10)**	**4.30**	**108.59**	**212.75**	**5.94**	**13.78**	**19.98**	**20.92**	**0.22**	**0.16**	**386.54**	**0.25**
Depreciation charge	-	1.49	0.43	44.37	115.59	3.53	7.24	10.98	10.57	0.11	1.67	195.97	0.13
Accumulated depreciation on disposals	-	(0.07)	-	(0.41)	(8.90)	-	(0.21)	(0.28)	-	-	(1.68)	(11.55)	-
Adjustments	-	-	-	-	(0.62)	-	-	-	-	-	0.00	(0.62)	-
Impairment loss	-	-	-	0.02	-	0.02	-	-	-	-	-	0.05	-
As at 31 March 2018	**-**	**1.32**	**4.73**	**152.58**	**318.82**	**9.49**	**20.81**	**30.68**	**31.49**	**0.33**	**0.14**	**570.38**	**0.38**
Net carrying value													
As at 31 March 2017	18.08	20.22	8.24	768.60	541.98	9.59	21.71	58.95	107.82	0.82	2.92	**1,558.94**	**1.62**
As at 31 March 2018	18.08	47.74	7.81	753.77	544.86	6.05	22.10	53.78	97.48	0.72	3.70	**1,556.10**	**1.49**

Net carrying value	**31 March 2018**	31 March 2017
Property, plant and equipment	**1,556.10**	1,558.94
Biological Assets	**1.49**	1.62
Capital work-in-progress	**1,713.92**	1,890.42

Note 3.1 Assets classified as held for sale

Particulars	**As at 31 March 2018**	As at 31 March 2017
Building and capital work in progress (CWIP)	**-**	2.00
Total asset classified as held for sale	**-**	2.00

The Group, intends to dispose of a parcel of land along with the building and CWIP constructed on it. Certain component of the building which was under construction has also been earmarked as held for sale in “as is where is” basis. Buyer for these assets has been identified and the carrying value has been adjusted against the booking advance received during the year ended 31 March 2018.

Note 3.2 Investment Property

₹ crore

Particulars	Building	Land Reserve	Total
Gross carrying value			
As at 1 April 2016	2.36	2.06	4.41
Additions	-	-	-
Disposals	-	-	-
Adjustments (foreign exchange)	-	(0.12)	(0.12)
As at 31 March 2017	**2.36**	**1.94**	**4.30**
Additions	-	-	-
Disposals	-	-	-
Adjustments (foreign exchange)	-	0.11	0.11
As at 31 March 2018	**2.36**	**2.05**	**4.41**
Accumulated depreciation			
As at 1 April 2016	1.51	-	1.51
Depreciation charge	0.04	-	0.04
As at 31 March 2017	**1.55**	**-**	**1.55**
Depreciation charge	0.13	-	0.13
As at 31 March 2018	**1.68**	**-**	**1.68**
Net carrying value			
As at 31 March 2017	0.80	1.94	2.74
As at 31 March 2018	0.67	2.05	2.73

Information regarding income and expenditure of Investment Property (Building)

	31st March 2018 ₹ crore	31st March 2017 ₹ crore
Rental Income derived from investment property	0.06	0.06
Direct operating Expenses (including repairs and maintenance) generating rental income	(0.22)	(0.08)
Profit arising from investment properties before depreciation and indirect expenses	(0.16)	(0.02)
Less : Depreciation	(0.13)	(0.04)
Profit arising from investment properties before indirect expenses	(0.29)	(0.06)

Note:

(a) The Fair Value of the Building, situated in Mumbai, Maharashtra, India as at the Balance Sheet date is ₹ 13.36 crore.
(b) The Fair Value of the Land, situated in Switzerland as at the Balance Sheet date is ₹ 2.06 crore (CHF 300,000).

Note 4 Intangible assets

₹ crore

Particulars	Computer software	Trade marks	Total	Goodwill
Gross carrying value				
As at 1 April 2016	37.88	0.74	38.62	126.69
Additions	1.85	0.13	1.98	-
Disposals	(3.83)	-	(3.83)	
As at 31 March 2017	**35.90**	**0.87**	**36.77**	**126.69**
Additions	16.42	-	16.42	30.46
Disposals	-	-	-	-
As at 31 March 2018	**52.32**	**0.87**	**53.19**	**157.15**
Accumulated amortisation				
As at 1 April 2016	6.49	0.73	7.22	-
Amortisation charge	5.50	-	5.50	-
Adjustment	(1.17)	-	(1.17)	2.20
As at 31 March 2017	**10.82**	**0.73**	**11.55**	**2.20**
Amortisation charge	5.24	-	5.24	-
Accumulated amortisation	-	-	-	-
Impairment loss	-	-	-	30.46
Adjustment	0.35	-	0.35	(9.91)
As at 31 March 2018	**16.41**	**0.73**	**17.14**	**22.75**
Net carrying value				
As at 31 March 2017	25.08	0.14	25.22	124.49
As at 31 March 2018	35.91	0.14	36.05	134.40

Net carrying value	**31 March 2018**	31 March 2017
Intangible assets	**36.05**	25.22

Note 4.1 Impairment testing for goodwill

(a) Goodwill recognised in accordance with the requirement of Ind AS 103 on additional acquisition of shares of a subsidiary, Green Hills Residences Limited, have been tested for impairment. As there is no promising business prospect which justifies its operational viability, hence value in use negligible. Accordingly, entire amount aggregating ₹ 30.46 crore recognised as goodwill during acquisition is provided for through statement of profit and loss.

(b) Goodwill amounting ₹ 134.40 crore (31 March 2017: ₹ 124.49 crore) to is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount of the assets/CGU is based on value in use. The value in use is determined based on discounted cash flow projections. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used. The cash flow projections include specific estimates for five years and terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the EBITDA margins. Based on the above, no impairment provision considered necessary as the recoverable value of the CGU exceeded the carrying value.

Note 4.2 Depreciation and amortisation expense	**31 March 2018**	31 March 2017
Depreciation of tangible assets	**196.09**	200.32
Amortisation of intangible assets	**5.24**	5.50
	------------------	------------------
Total depreciation and amortisation expense	**201.33**	205.82
	=========	=========

Note 5 Non-current investments

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
I. Investments valued at deemed cost, fully paid up		
Investment in equity shares		
In associates in India	**17.65**	15.43
In associates outside India	**13.18**	18.70
In joint venture in India	**330.68**	355.18
II. Investments valued at amortised cost		
Investments in other instruments	**1.65**	0.34
III. Investments in equity shares in others carried at fair value through OCI, fully paid up		
In India	**24.17**	48.41
Outside India	**4.57**	4.83
	391.90	442.89

Note 5.1 Detailed list of non-current investments

	As at 31 March 2018 Unquoted ₹ crore	As at 31 March 2018 Quoted ₹ crore	As at 31 March 2017 Unquoted ₹ crore	As at 31 March 2017 Quoted ₹ crore
I. Investments valued at deemed cost, fully paid up				
Investments in equity shares:				
In associate in India				
Knowledge Vistas Limited 310,481 (31 March 2017: 310,481) equity shares of ` 10 each	**13.19**	**-**	13.45	-
Warasgaon Lakeview Hotels Limited (w.e.f. 1 March 2017) (Refer note 5.2) 140,897 (31 March 2017: Nil) equity shares of ` 10 each	**12.13**	**-**	-	-
Highbar Technocrat Limited 99,940 (31 March 2017: 49,440) equity shares of ` 10 each	**5.52**	**-**	1.98	-
	30.84	**-**	15.43	-
Less: Impairment provision	**(13.19)**	**-**	-	-
	17.65	**-**	15.43	-
In associates outside India				
Evostate AG, Zurich 30 (31 March 2017: 30) equity shares of CHF 1,000 each	**0.18**	**-**	5.87	-
Projektentwicklungsges. Parking AG Basel 850 (31 March 2017: 850) equity shares of CHF 1,000 each	**3.51**	**-**	3.48	-
MCR Managing Corp 30 (31 March 2017: 30) equity shares of CHF 1,000 each	**9.49**	**-**	9.35	-
	13.18	**-**	18.70	-
In joint ventures in India				
HCC Concessions Limited 2,917,151 (31 March 2017: 2,917,151) equity shares of ₹ 10 each	**292.81**	**-**	314.40	-
Ecomotel Hotel Limited 11,096,289 (31 March 2017: 10,132,240) equity shares	**6.00**	**-**	6.23	-
Green Hills Residences Limited (Upto 25 July 2017) (Refer Note 5.3) Nil (31 March 2017: 53,319) equity shares	**-**	**-**	0.00 *	-
Whistling Thrush Facilities Services Limited 27,540 (31 March 2017: 27,540) equity shares of ₹ 10 each	**0.00** *	**-**	0.00 *	-
Spotless Laundry Services Limited 96,437 (31 March 2017: 96,437) equity shares of ₹ 10 each	**0.00** *	**-**	0.00 *	-
Bona Sera Hotels Limited 122,563 (31 March 2017: 122,563) equity shares of ₹ 10 each	**0.00** *	**-**	0.00 *	-
Starlit Resort Limited 49,400 (31 March 2017: 49,400) equity shares of ₹ 10 each	**3.89**	**-**	3.93	-
Andromeda Hotels Limited 61,470 (31 March 2017: 61,470) equity shares of ₹ 10 each	**2.90**	**-**	2.95	-
Apollo Lavasa Health Corporation Limited 626,808 (31 March 2017: 626,808) equity shares of ₹ 10 each	**25.08**	**-**	27.67	-
	330.68	**-**	355.18	-
II. Investments in other instruments				
Corporate guarantee				
(a) In joint venture	**0.40**	**-**	**0.34**	-
(b) In associates	**1.25**	**-**	**-**	-
	1.65	**-**	**0.34**	-

	As at 31 March 2018		As at 31 March 2017	
	Unquoted ₹ crore	Quoted ₹ crore	Unquoted ₹ crore	Quoted ₹ crore
III. Investment in equity shares in others carried at fair value through OCI, fully paid up				
In India				
Punjab National Bank Limited 4,715 (31 March 2017: 4,715) equity shares of ₹ 2 each	-	0.05	-	0.05
Hubtown Limited 10 (31 March 2017: 10) equity shares of ₹ 10 each	-	0.00 *	-	0.00 *
Ansal Housing and Construction Limited 30 (31 March 2017: 30) equity shares of ₹ 10 each	-	0.00 *	-	0.00 *
Ansal Properties and Infrastructure Limited 10 (31 March 2017: 10) equity shares of ₹ 5 each	-	-	-	0.00 *
Ashiana Housing Limited 175 (31 March 2017: 175) equity shares of ₹ 2 each	-	0.00 *	-	0.00 *
DLF Limited 10 (31 March 2017 : 10) equity shares of ₹ 2 each	-	0.00 *	-	0.00 *
HDIL Limited 12 (31 March 2017 : 12) equity shares of ₹ 10 each	-	-	-	0.00 *
Indiabulls Real Estate Limited 10 (31 March 2017 : 10) equity shares of ₹ 10 each	-	0.00 *	-	0.00 *
Mahindra Lifestyle Limited 10 (31 March 2017 : 10) equity shares of ₹ 10 each	-	0.00 *	-	0.00 *
Orbit Corporation Limited 20 (31 March 2017 : 20) equity shares of ₹ 10 each	-	-	-	0.00 *
Parshwanath Developers Limited 20 (31 March 2017 : 20) equity shares of ₹ 10 each	-	-	-	0.00 *
Peninsula Land Limited 50 (31 March 2017: 50) equity shares of ₹ 2 each	-	0.00 *	-	0.00 *
Shoba Developers Limited 10 (31 March 2017: 10) equity shares of ₹ 10 each	-	0.00 *	-	0.00 *
Unitech Limited 10 (31 March 2017: 10) equity shares of ₹ 2 each	-	-	-	0.00 *
D S Kulkarni Developers Limited 10 (31 March 2017: Nil) equity shares of ₹ 10 each	-	-	-	0.03
Hindustan Kohinoor Co Op Society 45 (31 March 2017: 45) equity shares of ₹ 50 each	0.00 *	-	-	0.00 *
Khandwala Securities Limited 3,332 (31 March 2017: 3,332) equity shares of ₹ 10 each	-	0.01	-	0.01
Housing Development Finance Corporation Limited 15,220 (31 March 2017: 15,220) equity shares of ₹ 2 each	-	2.78	-	2.28
HDFC Bank Limited 2,500 (31 March 2017: 2,500) equity shares of ` 10 each	-	0.47	-	0.36
Walchand Co-op. Housing Society Limited 5 (31 March 2017: 5) equity shares of ₹ 50 each	0.00 *	-	0.00 *	-
Shushrusha Citizens Co-Op. Hospitals Limited 100 (31 March 2017 : 100) equity shares of ` 100 each	0.00 *	-	0.00 *	-
Hincon Finance Limited 120,000 (31 March 2017 : 120,000) equity shares of ` 10 each	20.86	-	36.68	-
Vikhroli Corporate Park Private Limited Nil (31 March 2017: 260) equity shares of ₹ 10 each	-	-	0.00 *	-
Space Theme Park India Limited 50,000 (31 March 2017: 50,000) equity shares of ` 10 each	- *	-	- *	-
Osprey Hospitality Limited 60 (31 March 2017: 60) equity shares of ` 10 each	0.00 *	-	0.00 *	-
Warasgaon Lakeview Hotels Limited (upto 28 February 2017) (Refer note 5.2) Nil (31 March 2017: 109,646) equity shares of ` 10 each	-	-	9.00	-
	20.86	3.31	45.68	2.73
Outside India				
Radio- und Fernsehgenossenschaft Zürich-Schaffhausen 1 (31 March 2017 : 1) equity shares of CHF 50 each	0.01 *	-	0.00 *	-
Opernhaus Zürich AG 10 (31 March 2017 : 10) equity shares of CHF 900 each	0.05	-	0.04	-
Genossenschaft Theater für den Kt. Zürich 1 (31 March 2017 : 1) equity shares of CHF 300 each	0.00 *	-	0.00 *	-
Betriebsges. Kongresshaus Zürich AG 30 (31 March 2017 : 30) equity shares of CHF 1,000 each	0.28	-	0.26	-
AG Hallenstadion Zürich 10 (31 March 2017 : 10) equity shares of CHF 100 each	0.03 *	-	0.00 *	-
MTZ Medizinishces Therapiezentrum 50 (31 March 2017 : 50) equity shares of CHF 1,000 each	0.33	-	0.32	-
Mobimo Holding AG 720 (31 March 2017 : 720) equity shares of CHF 29 each	-	1.27	-	1.56
Goldbach Media AG 6,000 (31 March 2017 : 6,000) equity shares of CHF 1.25 each	-	1.45	-	1.68
MCH Group AG 2,100 (31 March 2017 : 2,100) equity shares of CHF 10 each	-	1.15	-	0.97
	0.70	3.87	0.62	4.21
Total non-current investments	384.72	7.18	435.95	6.94
		391.90		442.89

	As at 31 March 2018		As at 31 March 2017	
	Unquoted	**Quoted**	Unquoted	Quoted
	₹ crore	**₹ crore**	₹ crore	₹ crore
Details:				
Aggregate of non-current investments:				
(i) Carrying value of investments (net of impairment loss)	**384.72**	**7.18**	435.95	6.94
(ii) Market value of investments	**-**	**7.18**	-	6.94
(i) Investments carried at deemed cost	**361.51**	**-**	389.31	-
(ii) Investments carried at amortised cost	**1.65**	**-**	0.34	-
(iii) Investments carried at fair value through OCI	**21.56**	**7.18**	46.30	6.94
	384.72	**7.18**	435.95	6.94

Note 5.2 During the current year, L&T Infrastructure Finance Limited has transferred back the shares of Warasgaon Lake View Hotels Limited (WLVHL), invoked by them during the previous year due to default in debt obligations. Consequent to this, Group's stake in WLVHL has been restated at 24.56% and accordingly considered and accounted for this investment as an associate.

Note 5.3 In respect of Green Hills Residencies Limited (GHRL), in earlier years, the cancellation of joint venture agreement by LCL, of a subsidiary company, was challenged by the investor and the matter was referred to the arbitration. During the year 2016-17, joint venturer entered into agreement and the disputes were settled amicably. As per the settlement agreement, equity shares held by investor have been transferred to LCL during the current year, which has resulted 100% holding by LCL in GHRL.

Note 5.4 The Group's share of (loss)/profit from equity accounted investments is as follows:	**As at 31 March 2018 ₹ crore**	As at 31 March 2017 ₹ crore
In joint venture		
HCC Concessions Limited	**(565.66)**	(544.08)
Ecomotel Hotel Limited	**0.02**	0.24
Whistling Thrush Facilities Services Limited	**(0.23)**	(0.23)
Spotless Laundry Services Limited	**(7.08)**	(7.08)
Bona Sera Hotels Limited	**-**	-
Starlit Resort Limited	**(0.37)**	(0.32)
Andromeda Hotels Limited	**1.07**	1.11
Apollo Lavasa Health Corporation Limited	**(22.14)**	(19.55)
In associate		
Highbar Technocrat Limited	**5.52**	1.98
Knowledge Vistas Limited	**(1.14)**	(0.87)
Warasgaon Lakeview Hotels Limited (upto 28 February 2017)	**(0.78)**	(3.91)
Evostate AG	**(22.44)**	(16.74)
MCR Managing Corp	**9.49**	9.35
Projektentwicklungsges. Parking AG Basel	**(0.37)**	(0.40)
	(604.11)	(580.50)

Note 6 Trade receivables

Unsecured, considered good unless othewise stated

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Non-current		
Trade receivables (Refer notes 6.1 and 34) ^ [Including retention ₹ 0.79 crore (31 March 2017: ₹ 0.79 crore)]	**1,375.13**	1,429.09
Total non-current trade receivables	**1,375.13**	1,429.09
Current		
a) Trade receivables (Refer note 34) ^^		
- Unsecured considered good [including retention of ₹ 420.25 crore (31 March 2017: ₹ 364.91 crore)]	**2,180.51**	2,293.04
- Unsecured considered doubtful	**33.24**	19.48
- Less: Impairment loss provision	**(33.24)**	(19.48)
b) Receivables from related parties ^^^ (Refer note 39) [including retention of ₹ 13.76 crore (31 March 2017: ₹ 13.76 crore)]	**284.77**	14.66
Total current trade receivables	**2,465.28**	2,307.70
Total trade receivables	**3,840.41**	3,736.79

^ Net off advance received against work bill / claims ₹ 200.02 crore (31 March 2017: ₹ 68.14 crore)
^^ Net off advance received against work bill / claims ₹ 1,509.30 crore (31 March 2017: ₹ 375.58 crore)
^^^ Net off advance received against work bill / claims ₹ 439.85 crore (31 March 2017: ₹ 460.98 crore)

Note 6.1 Non-current trade receivables, current trade receivables and other financial assets as at 31 March 2018 include ₹ 1,375.13 crore, ₹ 1,431.49 crore (net of advances ₹ 1,709.31 crore) and ₹ Nil respectively [31 March 2017 : ₹ 1,429.09 crore, ₹ 1,439.38 crore (net of advances ₹ 443.64 crore) and ₹ 79.85 crore] representing claims awarded in arbitration in favour of the Company and which have been challenged by the customers in High Courts/ Supreme Court. Current trade receivables include ₹ 221.51 crore of claims awarded in arbitration which are unchallenged as at 31 March 2018.

As decided by the Cabinet Committee on Economic Affairs (CCEA) (Government of India) during the previous year, in respect of claims where arbitration awards have been decided in favour of the Company but further challenged by clients, the clients shall pay 75% of the arbitral award amount to the Company, in an escrow account, against a bank guarantee (BG). As at 31 March 2018, the Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 2,046.03 crore (31 March 2017: ₹ 1,882 crore), of which the Company has realised ₹ 1,416.10 crore (31 March 2017: ₹ 148.39 crore). The balance amount is presently pending on account of completion of certain formalities by the Company. The Company is also pursuing with customers for issuance of similar payout letters for the balance amounts.

Note 6.2 There are no trade receivables due from any director or any officer of the Group, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

Note 6.3 Trade receivables, except receivables on account of claims awarded in arbitration in favour of the Group, are non-interest bearing and are generally on terms of 30 to 90 days.

Note 7 Loans

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Non-current		
Loans to related parties (Refer note 39)		
- Unsecured considered good	**56.89**	-
- Unsecured considered doubtful	**21.34**	-
Less: Impairment loss provision	**(21.34)**	-
Security and other deposits		
- related parties (Refer note 39)	**2.51**	3.34
- others	**20.20**	21.70
Total non-current loans	**79.60**	25.04
Current		
Security and other deposits	**19.98**	27.09
Loans to related parties		
- Unsecured considered good	**-**	49.96
- Unsecured considered doubtful	**-**	21.34
Less: Impairment loss provision	**-**	(21.34)
Loans to others		
- Unsecured considered good	**-**	6.32
- Unsecured considered doubtful	**42.43**	42.43
Less: Impairment loss provision	**(42.43)**	(42.43)
Total current loans	**19.98**	83.37
Total loans	**99.58**	108.41

Note 8 Other financial assets

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Non-current		
Margin money deposits	**8.18**	7.45
Application money paid towards share purchase		
- Unsecured considered doubtful	**5.62**	5.62
Less: Impairment loss provision	**(5.62)**	(5.62)
Total non-current financial assets	**8.18**	7.45
Current		
Unbilled work-in-progress ^ (Refer note 34)	**4,686.08**	5,102.03
Interest accrued on deposits/ advances	**16.89**	14.33
Other assets	**2.03**	4.07
Total current financial assets	**4,705.00**	5,120.43
Total other financial assets	**4,713.18**	5,127.88

^ Net off advance received against work bill ₹ 199.23 crore (31 March 2017: ₹ 213.28 crore)

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 9 Income tax assets (net)		
i. The following table provides the details of income tax assets and liabilities as at 31 March 2018 and 31 March 2017:		
a) Income tax assets	**330.82**	269.81
b) Current income tax liabilities	**210.18**	200.18
Net balance	**120.64**	69.63
ii. The gross movement in the current tax asset/ (liability) for the years ended 31 March 2018 and 31 March 2017 is as follows:		
Net current income tax asset at the beginning	**69.63**	94.68
Income tax paid	**80.23**	25.20
Current income tax expense	**(29.22)**	(50.25)
Net current income tax asset at the end	**120.64**	69.63
iii. Income tax expense in the Statement of Profit and Loss comprises:		
Current income taxes	**29.22**	50.25
Deferred income taxes charge/(credit) ^	**(39.43)**	(89.81)
Income tax expenses/ (credit) (net)	**(10.21)**	(39.56)

^ Deferred income taxes for the years ended 31 March 2018 and 31 March 2017 relates to origination and reversal of temporary differences and is net of MAT credit entitlement of ₹ 19.58 crore (31 March 2017: ₹ 16.83 crore)

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:

	31 March 2018	31 March 2017
Profit/(loss) before income tax	**(1,100.21)**	(1,022.16)
Enacted tax rates in India	**34.61%**	34.61%
Computed expected tax expense	**(380.78)**	(353.77)
Tax expense of jointly controlled operations	**0.15**	(4.03)
Tax effect of overseas taxes	**18.34**	29.03
Effect of expenses not allowed for tax purpose	**364.37**	365.45
Effect of income not considered for tax purpose	**(12.55)**	2.88
Others	**0.26**	-
Income tax expense credit/(charge) to the Statement of Profit and Loss	**(10.21)**	39.56

v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:

	31 March 2018	31 March 2017
Deferred income tax liability		
Timing difference on tangible and intangible assets depreciation and amortisation	**182.54**	151.99
Claims/arbitration awards	**1,554.34**	1,217.24
Deemed equity investment	**353.04**	353.04
Impacts of recognition of financial instruments measured initially at fair value and subsequently at amortised cost	**445.89**	1,042.50
Others	**10.18**	179.05
Deferred income tax asset		
Business loss/ unabsorbed depreciation	**(1,928.21)**	(1,813.80)
Impacts of recognition of financial instruments measured initially at fair value and subsequently at amortised cost	**(183.81)**	(437.42)
MAT credit entitlement	**(229.30)**	(209.36)
Others	**(165.16)**	(353.82)
Deferred tax liabilities/ (assets) before restatement	**39.51**	129.42
Deferred tax adjustments (Refer note 9.1)	**-**	(106.29)
Total deferred tax liabilities / (assets) (net)	**39.51**	23.13
Deferred tax liabilities in case of some entities	**40.23**	49.83
Deferred tax assets in case of some entities	**0.72**	26.70
Net deferred tax liabilities	**39.51**	23.13

Note 9.1 During the year ended 31 March 2018, the Group has restated the financial results for the year ended 31 March 2017, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' on account of de-recognition of deferred tax liabilities amounting to ₹ 106.29 crore. The restatement adjustments resulted in a net decrease of ₹ 106.29 crore to the previously reported net loss for the year ended 31 March 2017 and reduced the deferred tax liabilities by the same amount as at that date. Retained earnings as at 1 April 2017 within the statement of changes in equity has been restated to adjust the impact of such deferred tax adjustments relating to prior years. However this restatement does not have an impact on the opening balance sheet of the preceding period.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 10 Other assets		
Non-current		
Capital advances		
- Unsecured considered good	**4.77**	13.53
- Unsecured considered doubtful	**0.62**	-
Less: Impairment loss provision	**(0.62)**	-
Balances with government authorities	**111.35**	128.24
Prepaid expenses	**0.98**	2.03
Total other non-current assets	**117.10**	143.80
Current		
Advance to suppliers and sub-contractors		
- Unsecured considered good	**247.21**	282.87
- Unsecured considered doubtful	**42.41**	27.39
Less: Impairment loss provision	**(42.41)**	(27.39)
Balances with government authorities	**143.02**	74.52
Prepaid expenses	**24.44**	33.01
Other assets	**40.69**	43.52
Total other current assets	**455.36**	433.92
Total other assets	**572.46**	577.72

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 11 Inventories		
Land and development rights (Refer note 11.1)	**2,167.63**	2,220.51
Project work in progress	**154.31**	151.29
Food and beverages	**0.16**	0.11
Construction material, stores, spares and embedded goods	**175.76**	225.52
Fuel	**3.93**	7.86
Materials in transit	**-**	0.32
Finished units	**2.27**	2.33
Total inventories	**2,504.06**	2,607.94

Note 11.1 In case of a subsidiary, cost of land includes:

a) ₹ 12.71 crore (31 March 2017 ₹ 12.71 crore) in respect of which sale deed is yet to be executed in favour of the subsidiary.

b) ₹ 0.11 crore (31 March 2017 ₹ 0.11 crore) in respect of which irrevocable Power of Attorney is obtained in favour of the subsidiary.

c) ₹ 0.36 crore (31 March 2017 ₹ 0.36 crore) not covered by the Master Plan in respect of which sale deed is yet to be executed in the name of the subsidiary.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 12 Current investments		
Investments accounted for using the equity method		
Investment in joint venture		
- Raiganj Dalkhola Highways Limited 3,000,000 (31 March 2017: 3,000,000) equity shares of ₹ 10 each fully paid	**4.11**	5.30
- Baharampore Farakka Highways Limited 11,700,000 (31 March 2017: 11,700,000) equity shares of ₹ 10 each fully paid	**0.45**	1.34
- Farakka Raiganj Highways Limited 13,000,000 (31 March 2017: 13,000,000) equity shares of ₹ 10 each fully paid	**8.92**	22.13
- Dhule Palesner Tollways Limited 100 (31 March 2017: 100) equity shares of ₹ 10 each fully paid	**0.00 ***	0.00 *
Investments in others carried at fair value through OCI		
Investment in mutual funds	**11.71**	4.46
Total current investments	**25.19**	33.23
Details:		
Aggregate of current investments:		
(i) Book value of investments	**13.48**	28.77
(ii) Market value of investments	**11.71**	4.46
(i) Investments carried at cost	**-**	-
(ii) Investments carried at amortised cost	**13.48**	28.77
(iii) Investments carried at fair value through OCI	**11.71**	4.46
	25.19	33.23

Note 12.1 Detailed list of current investments

	31 March 2018	31 March 2017
I. The Group's share of loss from equity accounted investments is as follows:		
In joint venture in India		
- Raiganj Dalkhola Highways Limited (Refer note 12.2)	**(1.19)**	-
- Baharampore Farakka Highways Limited (Refer note 12.2)	**(16.28)**	(15.39)
- Farakka Raiganj Highways Limited (Refer note 12.2)	**(16.59)**	(3.38)
Total share of loss from equity accounted investments	**(34.06)**	(18.77)

Note 12.2 The Group has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by subsidiary companies and joint ventures as indicated below:

Name of the Company	**No. of equity shares pledged**	
	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Raiganj Dalkhola Highways Limited	**5,10,000**	5,10,000
Baharampore Farakka Highways Limited	**5,10,000**	5,10,000
Farakka Raiganj Highways Limited	**5,10,000**	5,10,000

Note 12.3 Pursuant to Shareholders Agreement (SHA) executed on 9 August 2011, the Company is required to hold 100% equity stake in HCC Infrastructure Company Limited (HIL) until Private Equity Investor gets an exit from HCC Concessions Limited (HCL) through means as specified in the SHA and there are certain other customary restrictions on pledging / creation of any encumbrance over shares / assets of HIL/ BOT SPVs.

The Company has given inter alia an undertaking in respect of investment in Baharampore - Farakka Highways Limited, Farakka - Raiganj Highways Limited., Dhule Palesner Tollways Limited and Raiganj - Dalkhola Highways Limited to National Highways Authority of India (NHAI) that it will not transfer its shareholding till the commercial operation date. The Company has entered into sale agreement with HCL to sell these shares at book value at future dates on fulfilment of that obligation as per undertaking given to NHAI. The Company has received full consideration of ₹ 27.70 crore (31 March 2017: ₹ 27.70 crore) for transfer of the above shares at book value from HCL, subject to necessary approvals and consents to the extent required in the following BOT SPV's.

	As at 31 March 2018		As at 31 March 2017	
Name of the BOT SPV	**₹ crore**	**No. of shares**	₹ crore	No. of shares
Baharampore Farakka Highways Limited	**11.70**	**1,17,00,000**	11.70	1,17,00,000
Farakka Raiganj Highways Limited	**13.00**	**1,30,00,000**	13.00	1,30,00,000
Raiganj Dalkhola Highways Limited	**3.00**	**30,00,000**	3.00	30,00,000
Dhule Palesner Tollways Limited	**0.00 ***	**100**	0.00 *	100
Total	**27.70**	**2,77,00,100**	27.70	2,77,00,100

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 13 Cash and cash equivalents		
Balances with banks		
- Current accounts in Indian rupees	**74.98**	81.33
- Current accounts in foreign currency	**270.24**	136.16
Cash on hand	**0.85**	1.09
Cheques on hand	**58.11**	9.16
Total cash and cash equivalents	**404.18**	227.74

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 14 Other bank balances		
Earmarked balances with banks for:		
Deposits with maturity of more than 3 months and less than 12 months	**14.19**	47.49
Earmarked balances with bank for		
- Margin money deposit with original maturity of more than 3 months and remaining maturities of less than 12 months (Refer note 14.2)	**533.47**	483.50
- Balances with bank for unpaid dividend	**0.25**	0.41
Total other bank balances	**547.91**	531.40

Note 14.1 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2018.

Note 14.2 Includes deposits of ₹ 6.43 crore earmarked against Debenture Redemption Reserve

Note 15 Equity share capital		As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Authorised share capital			
1,25,00,00,000	Equity shares of ₹ 1 each (31 March 2017: 1,250,000,000 equity shares of ₹ 1 each)	**125.00**	125.00
1,00,00,000	Redeemable cumulative preference shares of ₹ 10 each (31 March 2017: 10,000,000 preference shares of ₹ 10 each)	**10.00**	10.00
Total authorised equity share capital		**135.00**	135.00
Issued, subscribed and paid-up equity share capital:			
1,01,54,10,926	Equity shares of ` 1 each fully paid up (31 March 2017: 1,010,651,635 equity shares of ₹ 1 each)	**101.54**	101.06
	Add : 13,225 Forfeited equity shares (31 March 2017: 13,225 equity shares)	**0.01**	0.01
Total issued, subscribed and paid-up equity share capital		**101.55**	**101.07**

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	₹ crore
As at 1 April 2016	**77,91,06,906**	**77.91**
Issued during the year	23,15,44,729	23.15
As at 31 March 2017	**1,01,06,51,635**	**101.06**
Issued during the year [Refer note 15(f)]	47,59,291	0.48
As at 31 March 2018	**1,01,54,10,926**	**101.54**

b. Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shareholding of more than 5%:

	As at 31 March 2018		As at 31 March 2017	
Name of the Shareholder	**% held**	**No. of shares**	% held	No. of shares
Promoter				
Hincon Holdings Limited	**21.27%**	**21,60,23,600**	21.37%	21,60,23,600
Hincon Finance Limited	**6.13%**	**6,22,61,186**	6.16%	6,22,61,186
Non-promoter				
HDFC Trustee Company Limited	**6.87%**	**6,97,32,622**	6.93%	7,00,21,087

d. Shares reserved for issue under Employee Stock Options Scheme (ESOP):

As at 31 March 2018, there are 300,000 (31 March 2017: 120,180) stock options granted during the year which are outstanding and convertible into equal number of equity shares of ₹ 1 each convertible at an exercise price of ₹ 31.15 per share [Refer note d(i)(c) below].

During the year ended 31 March 2018, none of the options were exercised / converted into equity shares and 120,180 (31 March 2017: 1,534,450) stock options got lapsed.

i. Options granted

a) The Company offered 4,458,800 Stock Options on 25 April 2008 (each option carrying entitlement for one equity share of the face value of` ₹ 1 each) at a price of ₹ 132.50 per equity share.

In accordance with the approval of the board of directors and shareholders of the Company, the ESOP compensation committee at its meeting held on 20 July 2009 repriced 4,131,600 options at ₹ 104.05 per equity share.

b) The ESOP Compensation Committee of the Company at its Meeting held on 12 August 2010 decided to double the number of employee stock options (vested and unvested), not exercised and in-force, as on the Record Date i.e. 11 August 2010 and halved the exercise price on account of issuance and allotment of Bonus Equity Shares in the proportion of 1:1.

Accordingly, 3,553,760 employee stock options in-force granted by the Company on 25 April 2008 were doubled i.e. 7,107,520 and the exercise price in respect of the same was reduced from ₹ 104.05 to ₹ 52.03 per equity share and none of the options are outstanding as on 31 March 2018.

c) The ESOP Compensation Committee of the Company at its Meeting held on 20 March 2018 has approved a grant of 300,000 options, in accordance with the terms and conditions contained in the existing HCC Employee Stock Option Scheme of the Company (`Scheme') (each option carrying entitlement for one equity share of the face value of ₹ 1 each) at an exercise price of ₹ 31.15, subject to approval of the shareholders for amendment of the existing Scheme, in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").

ii. Settlement Through Equity Shares

iii. Options vested Nil number of options remain vested and outstanding as at 31 March 2018

e. Bonus shares/ buy back/shares for consideration other than cash issued during past five years:

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil

(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

(iii) Aggregate number and class of shares bought back - Nil

f. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting held on 5 January 2017, the allotment committee of the Board of Directors at its meetings held on 6 January 2017 and 19 January 2017 alloted collectively to the lenders 231,544,729 equity shares of face value of ₹ 1 each at a premium of ₹ 33.92 per share aggregating ₹ 808.55 crore and 14,414,874 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,441.49 crore. Further, pursuant to the approval of the shareholders at the Annual General Meeting held on 6 July 2017, the allotment committee of the Board of Directors at its meeting held on 17 July 2017 allotted to a lender 4,759,291 equity shares of face value of ₹ 1 each at a premium of ₹ 40.61 per share aggregating ₹ 19.80 crore and 256,716 OCDs of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 25.67 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme). The implementation of the S4A Scheme and the consequent allotment of equity shares/ OCDs have been made in respect of all the lenders except for few lenders who will be alloted equity shares and OCDs once they exercise their option. Number of equity shares/OCDs to be alloted will be determined based on the share price prevailing at the time of such allotment. (Also refer Note 16.1)

Note 17 Other financial liabilities

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Non-current		
Security deposits	**0.28**	0.66
Others	**-**	0.34
Total non-current other financial liabilities	**0.28**	1.00
Current		
Current maturities of long-term borrowings (Refer note 16)	**4,670.67**	2,385.22
Interest accrued but not due	**292.02**	114.85
Interest accrued and due	**916.98**	564.02
Unpaid dividends ^	**0.25**	0.41
Advance towards sale of investments (Refer note 12.3)	**37.70**	37.70
Security deposits	**3.20**	4.95
Financial guarantees	**0.94**	1.83
Retention deposit payable	**37.22**	35.42
Others		
i) Due to employees	**119.33**	94.33
ii) Interest payable on contractee advances	**93.01**	128.69
iii) Liability for capital goods	**106.29**	16.81
iv) Other liabilities	**83.44**	76.33
Total current other financial liabilities	**6,361.05**	3,460.56
Total other financial liabilities	**6,361.33**	3,461.56

^ Not due for credit to Investor Education and Protection Fund

Other financial liabilities carried at amortised cost	**6,323.63**	3,423.86
Other financial liabilities carried at FVPL	**37.70**	37.70

Note 18 Provisions

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Non-current		
Provision for employee benefits		
- Gratuity	**28.72**	31.19
- Pension fund	**57.79**	71.55
- Leave entitlement and compensated absences	**14.76**	11.14
Provision for warranty (Refer note 18.1)	**68.87**	70.12
Total non-current provisions	**170.14**	184.00
Current		
Provision for employee benefits		
- Gratuity	**9.15**	4.13
- Leave entitlement and compensated absences	**3.83**	5.69
Provision for warranty (Refer note 18.1)	**77.38**	36.51
Provision for cost to completion (Refer note 18.2)	**176.06**	163.27
(includes provision for foreseeable losses ₹ 55.25 crore (31 March 17 : ₹ 144.92 crore)		
Provision for pension fund	**8.43**	-
Total current provisions	**274.85**	209.60
Total provisions	**444.98**	393.60

Note 18.1 Detail of provision in respect of warranty is as stated below:

Particulars		
Opening provision as at the beginning of the year	106.63	118.73
Addition during the year	98.07	54.51
Utilized during the year	(58.45)	(43.13)
Unused amount reversed during the year	-	(23.48)
Closing provision as at the end of the year	**146.25**	106.63
Non current	68.87	70.12
Current	77.38	36.51
Total	**146.25**	106.63

This provision represent estimates made towards estimated liability arising out of contractual obligations in respect of warranties. After the handover of the building there is a warranty liability, which lasts between 2 and 10 years, depending on the building and its components. During construction the warranty provision is recorded based on past experience and, in general, remains unchanged during construction. Actual warranty costs are recorded against the warranty provision of projects in warranty phase. On reporting date, future warranty costs are estimated and if needed the warranty provisions are increased or released. The timing of outflows will vary as and when the obligations arise.

Note 18.2 The Group has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

Note 19 Current borrowings

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
I. Secured		
Rupee Loan from Banks		
(i) Cash credit facilities (Repayable on demand) (Refer note 19.1)	**992.04**	1,114.24
(ii) Working capital demand loan (Repayable on demand) (Refer notes 19.1 and 19.2)	**120.30**	116.15
(iii) Buyer's credit (Refer note 19.1)	**10.90**	9.39
	1,123.24	1,239.78
II. Unsecured (Repayable on demand)		
Loans from related party (Refer note 39)	**-**	0.58
Total current borrowings (I+II)	**1,123.24**	1,240.36

Note 19.1 Security for Cash Credit Facilities, Working Capital Demand Loan and Buyer's Credit:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

The above security having ranking as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with all CDR lenders are same as indicated in note 16.2.1.

The Company has provided first charge over specific property, plant and equipment (having WDV of ₹ 50 crore) of the Company for the loan extended by Export Import Bank of India (EXIM Bank) to HCC Mauritius Enterprise Limited through Loan Agreement dated 27 September 2010. The same security has also been extended for the loan of USD 25 million given by EXIM Bank to HCC Mauritius Investment Limited.

YES Bank, the lender of HCC Infrastructure Company Limited, a subsidiary company is having subservient charge on identified receivables of the Company. The bank issued NOC on 4 September 2012 for ceding first charge in favour of working capital lenders and second charge in favour of term lenders.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Company.

Note 19.2 Security details, repayment terms and other particulars in respect of loans availed by the subsidiary company:

Working Capital Demand Loan from bank include loan facilities availed by Steiner AG, a subsidiary company, aggregating ₹ 87.43 crore (31 March 2017: ₹ 83.28 crore) secured by first charge by way of a (i) mortgage on land in favour of a foreign bank (Project: Vista Nobile) (ii) mortgage on a land in favour of a foreign bank (Project: BASF Wandenswil)

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 20 Trade payables		
- Total outstanding dues of Micro Enterprises and Small Enterprises	**5.87**	4.23
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**3,641.08**	3,458.69
Total trade payables	**3,646.95**	3,462.92

Note 20.1 The Group has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at 31 March 2018.

The disclosure pursuant to the said Act is as under:

Principal amount due to suppliers under MSMED Act	**5.87**	4.23
Interest accrued and due to suppliers under MSMED Act on the above amount	**1.19**	1.39
Payment made to suppliers (other than interest) beyond appointed day during the year	**1.49**	0.68
Interest paid to suppliers under MSMED Act	**-**	-
Interest due and payable to suppliers under MSMED Act towards payments already made	**0.36**	0.16
Interest accrued and remaining unpaid at the end of the accounting year	**1.20**	1.40
The amount of further interest remaining due and payable in the succeeding years	**4.29**	3.86

Note: This information, as required to be disclosed under the MSMED Act, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 20.2 Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Note 21 Other liabilities		
Non-Current		
Deferred lease liability	**0.06**	0.13
Total other non-current liability	**0.06**	0.13
Current		
Advance from customers	**2,569.19**	2,687.27
Statutory dues payable	**89.12**	100.28
Due to customers	**247.72**	-
Other liabilities	**31.50**	20.52
Total other current liabilities	**2,937.53**	2,808.07
Total other liabilities	**2,937.58**	2,808.20

Note 16 Borrowings	**Effective interest rate**	**As at 31 March 2018 ₹ crore**	As at 31 March 2017 ₹ crore
Non-current portion:			
I. Secured			
A. Non-Convertible Debentures (Refer Note 16.2.1)	**10.13% - 15.73%**	**67.37**	114.03
B. 0.01% Optionally Convertible Debentures (OCDs) (Refer Note 16.2.2)	**11.50%**		
(i) From banks		**1,090.66**	1,167.59
(ii) From others		**246.12**	261.96
C. Foreign Currency Term Loans from Banks (Refer Note 16.2.3)	**2.05% - 6.16%**	**51.05**	60.55
D. Rupee Term Loans (RTL-A) (Refer Note 16.2.4)			
(i) From Banks	**11.75% - 12.00%**	**83.97**	103.74
(ii) From Others	**11.75%**	**47.12**	52.46
E. Rupee Term Loans (RTL-1) (Refer Note 16.2.5)			
(i) From Banks	**9.80% - 14.17%**	**135.22**	195.26
(ii) From Others	**9.76% - 9.90%**	**138.01**	199.97
F. Rupee Term Loans (RTL-2) (Refer Note 16.2.6)			
(i) From Banks	**9.84% - 13.62%**	**359.62**	528.57
(ii) From Others	**9.86% - 9.95%**	**90.09**	130.80
G. Working Capital Term Loan from Banks (WCTL-2) (Refer Note 16.2.8)			
(i) From Banks	**11.10%**	**6.49**	8.70
(ii) From Others	**11.10%**	**12.32**	8.70
H. Consortium loan from banks (Refer Note 16.2.10)	**14.60% - 18.75%**	**18.55**	975.08
I. Other loans			
(i) From Banks (Refer Note 16.2.11)	**12.56% - 20.50%**	**415.57**	934.31
(ii) From Others (Refer Note 16.2.12)	**15.10% - 17.85%**	**13.43**	606.44
Subtotal (I)		**2,775.59**	5,348.16
II. Unsecured			
A. Fully Convertible Debentures (Refer Note 16.3.1)	**14.50%**	**-**	19.07
B. Share Warrants - Unsecured (Refer Note 16.3.2)	**14.50%**	**4.57**	7.11
C. Financial Institutions/others (Refer Note 16.3.3)	**6.15%**	**319.50**	258.45
D. Cumulative Redeemable Preference Shares (Refer Note 16.3.5)	**14.50%**	**99.52**	117.67
E. Compulsory Convertible Preference Shares (Refer Note 16.3.4)	**14.50%**	**462.48**	403.91
Subtotal (II)		**886.07**	806.21
Total non-current borrowings (I+II)		**3,661.66**	6,154.37
Current maturities of long-term borrowings:			
I. Secured			
A. Non-Convertible Debentures (Refer Note 16.2.1)	**10.13% - 15.73%**	**973.13**	805.87
B. Foreign Currency Term Loans from Banks (Refer Note 16.2.3)	**2.05% - 6.16%**	**144.95**	141.72
C. Rupee Term Loans (RTL-A) (Refer Note 16.2.4)			
(i) From Banks	**11.75% - 12.00%**	**8.13**	-
(ii) From Others	**11.75%**	**5.07**	1.05
D. Rupee Term Loans (RTL-1) (Refer Note 16.2.5)			
(i) From Banks	**9.80% - 14.17%**	38.06	41.45
(ii) From Others	**9.76% - 9.90%**	40.42	42.75
E. Rupee Term Loans (RTL-2) (Refer Note 16.2.6)			
(i) From Banks	**9.84% - 13.62%**	101.51	143.00
(ii) From Others	**9.86% - 9.95%**	27.80	33.42
F. Working Capital Term Loan from Banks (WCTL-1) (Refer Note 16.2.7)	**11.10%**	-	17.63
G. Working Capital Term Loan from Banks (WCTL-2) (Refer Note 16.2.8)			
(i) From Banks	**11.10%**	**1.26**	2.58
(ii) From Others	**11.10%**	**4.20**	
H. Consortium loan from banks (Refer Note 16.2.10)	**14.60% - 18.75%**	**1,743.01**	734.16
I. Other loans			
(i) From Banks (Refer Note 16.2.11)	**12.56% - 20.50%**	**768.39**	263.62
(ii) From Others (Refer Note 16.2.12)	**15.10% - 17.85%**	**775.56**	157.97
Subtotal (I)		**4,631.49**	2,385.22
II. Unsecured			
A. Fully Convertible Debentures (Refer Note 16.3.1)	**14.50%**	**22.18**	-
B. Share Warrants - Unsecured (Refer Note 16.3.2)	**14.50%**	**0.09**	-
C. Cumulative Redeemable Preference Shares (Refer Note 16.3.5)	**14.50%**	**16.91**	-
Subtotal (II)		39.18	-
Total Current Maturities of long term borrowings (I+II)		4,670.67	2,385.22
Total Borrowings		8,332.33	8,539.59

Note 16.1 Borrowings

Restructuring of borrowings under Corporate Debt Restructuring Scheme (CDR Scheme) and Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme):

The Company received Letter of Approval (LOA) on 29 June 2012 issued by the Corporate Debt Restructuring Empowered Group (CDREG) approving the CDR Scheme. The CDR related documents had been executed and creation of security was completed. During the previous year, the Company has implemented the S4A Scheme. The Joint Lender's Forum (JLF) adopted the S4A Scheme with reference date as 12 July 2016. The S4A Scheme was duly approved by the Reserve Bank of India's mandated Overseeing Committee (OC) on 4 November 2016. Under the S4A Scheme, the Company's total debts amounting to ₹ 5,107 crores as at 1 October 2016 have been bifurcated into sustainable debt, to be serviced as per existing terms and conditions of those debts, and remainder debts (to the extent of 47.5% of the fund based exposure of the Company) have been converted into fully paid up equity shares in favour of the lenders by following principle of proportionate loss and balance in OCDs collectively in favour of the lenders.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
16.2 Details of security and terms of repayment		
16.2.1 Non-Convertible Debentures		
i) 11.50% AXIS non-convertible debentures (RTL -1) On restructuring by the CDREG, these debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. These are secured by way of registered mortgage over 231.66 acres of Lavasa land situated in 5 villages namely Village Admal, Bhode, Gadle, Padalghar and Ugavali in taluka Mulshi, District Pune, Maharashtra. Refer note	**40.38**	53.94

16.2.9 for security details.

ii) 11.50% LIC non-convertible debentures (RTL - 1) On restructuring by the CDREG, these debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.9 for security details.	**69.86**	90.75
iii) 1 (31 March 2017: 1) 10.75% NCD having face value of ₹ 1,000,000,000 Subscribed ₹ 10,000 lakhs in the form of Deep Discount Convertible Debentures ("DDCD") by a bank. On 3 September 2010, vide supplementary agreement, the bank converted the existing DDCD into 1 (one) NCD aggregating ₹ 10,000 Lakhs for the tenor of 5 years. This NCD with effect from 12 February 2014 carries a coupon rate of 12.50% per annum, payable quarterly on subscription amount. The investor and the ultimate holding company had a put/call option respectively to sell/ purchase the NCD at the end of 39th, 48th and 60th month from the closing date 13 May 2010. (Secured by exclusive charge created by English mortgage deed on land situated at village Dhamanhol Taluka Mulshi admeasuring 1 acre. Also, secured by second charge on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon).	**146.09**	131.21
iv) 150 (31 March 2017: 150) 14% NCD having total face value of ₹ 150,000,000. Subscribed ₹ 1,500 lakhs in the form of NCD on 2 July 2013 for the tenor of 5 years and 9 months by a party. This NCD carry a coupon rate of 14% per annum, payable quarterly on subscription amount. (Secured by charge created by English mortgage deed on land of Lavasa project admeasuring 30 acres. Corporate guarantee to the extent 100% of outstanding balance given by the holding company)	**51.01**	45.32
v) 50 (31 March 2017: 50) 16% NCD having total face value of ₹ 2,500,000,000. NCDs carry a coupon of 9% per annum on the subscription value of NCD with a YTM of 16% per annum and were to be redeemed on 6 January 2015. These NCD carry a put/call option which were exercisable on 6 January 2013, 6 January 2014 and 6 January 2015. (Secured by charge created by English mortgage deed on 747 acres of land)	**563.73**	453.30
vi) 1,020 (31 March 2017: 1,020) 14% NCD having total face value of ₹ 994,500,000. Subscribed ₹ 10,200 lakhs in the form of NCD on 2 July 2013 for the tenor of 5 years and 9 months by a party. This NCD carries a coupon rate of 14% per annum, payable quarterly on subscription amount. (Secured by first pari passu charge created by English mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon including all present and future moveable assets of the Company. Corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in the Company).	**169.43**	145.38

16.2.2 0.01% Optionally Convertible Debentures (OCDs)
OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the date of issuance, the OCDs will be converted into non-convertible debentures in case of non occurrence of event of default as per the guidelines of S4A Scheme. The repayment of the OCD commences from the 6th anniversary of the allotment date. Details of maturity have been provided below.

Date of Repayment	₹ in crores
30 September 2022	285.51
30 September 2023	282.41
30 September 2024	263.91
30 September 2025	254.90
30 September 2026	250.05

Security details and terms of repayment
1. First ranking pari passu charge on all of the Hindustan Contruction Company Limited's Property, plant and equipment (both immovable and movable) [excluding the Specified Assets and Excluded Assets]
2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security creation would be done as per stipulated time frame.
Collateral security pari-passu with all S4A lenders:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ 7,616.59 crore (31 March 2017: ₹ 8,496.48 crore).

2. First par-passu charge on Pledge of 85,767,617 equity shares of Hindustan Construction Company Limited and second charge on 154,151,669 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company

16.2.3 Foreign Currency Term Loans from Banks

(i) Standard Chartered Bank - External Commercial Borrowings (ECB) USD 13.36 million As at 31 March 2018, the ECB loan from Standard Chartered Bank carries an interest rate of 5.81% p.a. (3 month LIBOR plus 350 basis points). This loan is repayable in 17 quarterly instalments commencing 15 April 2014 and ending on 15 March 2018. The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation executed on 10 November 2009.	**61.88**	61.58
(ii) Development Bank of Singapore - ECB USD 10.18 million As at 31 March 2018, the ECB loan from Development Bank of Singapore carries an interest rate of 6.16% p.a. (3 month LIBOR plus 385 basis points). This loan is repayable in 17 quarterly instalments commencing 5 October 2014 and ending on 5 October 2018. The facility is secured by first charge by way of hypothecation of plant and machinery and heavy vehicles acquired under the facility described in the schedule I (2) to the deed of hypothecation executed on 29 April 2010.	**41.49**	54.83
(iii) Export Import Bank of United States - ECB USD 9.36 million As at 31 March 2018, the ECB loan from Export Import Bank of United Sates carries an interest rate of 3.51% (3 month LIBOR plus 120 basis points). This loan is repayable in 35 equal quarterly instalments commencing 16 March 2011 and ending on 16 September 2019. The facility is secured by first priority mortgage and security interest to and in favour of Wilmington Trust Company (the security trustee) on one Hawker model 4000 airframe bearing manufacture's serial number RC-26 together with two installed model PW208 engines more particularly described under Clause 2.1 as per the Aircraft Charge Agreement executed on 6 January 2011.	**48.00**	47.38
(iv) Export-Import Bank of India Foreign currency loans from Export-Import Bank of India availed by HCC Mauritius Enterprise Limited, a subsidiary company, carrying interest rate of 3 months USD LIBOR + 500 basis points) as at 31 March 2018. This loan is repayable in 10 quarterly instalments commencing after a moratorium of thirty months from the date of disbursement of the loan. This loan is secured by exclusive charge on (i) pledge of equity shareholding of the borrower held by HCC (ii) a first charge over specific fixed assets of HCC having written down value of ₹ 50 crore (iii) pledge of 33% equity share holding of Steiner AG, a subsidiary company (iv) undertaking for non-disposal of shareholding in Steiner AG.	**44.63**	38.48

16.2.4 Rupee Term Loans (RTL-A)
RTL-A Term Loan carries interest rate of 11.75% p.a. (Individual Bank's Base Rate + Applicable Spread), payable monthly, to be reset annually with a two years moratorium and repayment terms of five years starting from financial year 2017-18. The said facility is having same security as RTL-1 lenders under the CDR Scheme. Refer note 16.2.9 for security details.

16.2.5 Rupee Term Loans (RTL-1)
RTL - 1 carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.9 for security details.

16.2.6 Rupee Term Loans (RTL-2)
RTL - 2 carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.9 for security details.

16.2.7 Working Capital Term Loan from Banks (WCTL-1)
HCC Limited has Working Capital Term Loan (WCTL -1) which carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 16 quarterly instalments commencing 15 April 2014 and ending on 15 January 2018. Refer note 16.2.9 for security details.

16.2.8 Working Capital Term Loan from Banks (WCTL-2)
HCC Limited has Working Capital Term Loan (WCTL-2) which carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.9 for security details.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore

16.2.9 Nature of Security
RTL-1, RTL-2, WCTL-1 and WCTL-2 are secured in the form of:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to RTL1, WCTL1 and RTL-A are as below:
1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

The above security having ranking in respect to RTL2 and WCTL2 are as below:
A second ranking and pari passu security interest by way of legal mortgage over all the Mortgaged Properties.
Collateral security pari-passu with lenders defined in MRA:
1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ 7,616.59 crore (31 March 2017: ₹ 8,496.48 crore).
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company.

16.2.10 Consortium loan from banks
Nature of security

Secured by charge created by English mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon including all present and future moveable assets. Corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in LCL.	**807.77**	837.40
Primary Security:- First charge/hypothecation on the current assets including receivables of Warasgaon Assets Maintenance Limited ("WAML"). First charge on all bank accounts of WAML including but no limit to Escrow account to be established by WAML. Negative lien on concession right acquired in respect of transportation infrastructure under the concession agreement. Collateral Security:- First pari passu charge on land including building across all villages of Mugaon, Bhoini, Admal, Dhamanohol, Mose, Plase, Padalghar, Wadavali, Dasve, Bembatmal, Gadle, Koloshi, Patharset, Saiv, Sakhari, Ugavali & Bhode. Immovable and movable fixed assets, current assets, receivables, investments and all bank accounts Pledge of entire shareholding of Lavasa Corporation Limited in WAML Pledge of entire shareholding of Lavasa Corporation Limited in Sahayadri City Management Limited ("SCML") Pledge of promoters holding in WAML. Pledge of promoter holding in SCML	**439.56**	412.12
Primary Security - First charge/ hypothecation on the current assets including receivables of LCL. First charge on all bank accounts of the Company including but not limited to the Escrow account to be established by LCL. Negative lien on rights acquired in respect of infrastructure assets under the concession agreement executed between the promoter and LCL. Collateral Security - Land of 3366.18 hectares including building across all villages of Mugaon, Bhoini, Admal, Dhamanohol, Mose, Plase, Padalghar, Wadavali, Dasve, Bembatmal, Gadle, Koloshi, Patharset, Saiv, Sakhari, Ugavali & Bhode. Immovable and movable fixed assets, Current assets, receivables, investments and all bank accounts Share Pledge (on First Pari Passu Basis with existing Lenders of LCL excluding Asset Reconstruction Company (India) Limited) Pledge of entire shareholding in the Company by existing shareholders to the lenders of WAML Pledge of promoter (Lavasa Corporation Limited) holding on WAML Pledge of promoter (Lavasa Corporation Limited) holding in SCML	**514.22**	459.72
	1,761.56	1,709.24

Terms of repayment
There are various loans under the consortium loan and have various repayment terms as follows:

Funded interest term loan from banks (FITL 1a) Carrying interest rate ranging from 14.10% p.a. to 16.75 % p.a. is repayable in 8 to 25 structured quarterly installments commencing from March 2012 and ending in March 2018.	**24.69**	26.45
Funded interest term loan (FITL TL 1b) Carrying interest rate of 14.95 % p.a. is repayable in 8 structured quarterly installments commencing from June 2014 and ending in March 2016.	**6.53**	6.53
Term loan from banks (TL 1a) Carrying interest rate ranging from 14.10% p.a. to 16.75 % p.a. is repayable in 25 structured quarterly installments commencing from March 2012 and ending in March 2018	**119.40**	124.53
Carrying interest rate of 15.25 % p.a. is repayable in 23 structured quarterly installments commencing from March 2012 and ending in March 2018	**8.89**	14.23
Term loan from banks (TL 1b) Interest rate ranging from 14.10% p.a. to 14.95 % p.a. is repayable in 6 to 25 structured quarterly installments commencing from March 2012 and ending in March 2019	**293.60**	302.62
Term loan from banks (TL 1c) Loan aggregating to ₹ 35,467.29 lakhs (31 March 2017: ₹ 36,304.75 lakhs) carrying interest rate ranging from 12.60% p.a. to 13.35 % p.a. is repayable in 20 structured quarterly installments commencing from June 2014 and ending in March 2019	**354.67**	363.05
Tenor of 20 years (including 2 years of moratorium period and repayment over 18 years). Loan to be repaid in 72 quarterly structured installments starting from 31 December 2017 and ending on 30 September 2035	**953.78**	871.84
	1,761.56	1,709.24

16.2.11 Other loans from banks
Nature of security

Secured by exclusive registered mortgage of land of Lavasa project admeasuring 364 acres. Also second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by promoter.	**259.05**	260.14
Secured by exclusive registered mortgage of land of Lavasa project admeasuring 62 acres. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 50% of outstanding balance given by shareholders to the extent of their equity shares in LCL.	**69.97**	69.97
Second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by promoter.	**225.00**	225.00
Secured by exclusive registered mortgage of land of Lavasa Project admeasuring 188 acres. Also, first pari passu charged over 649 acres on pari passu charge basis together with loans taken by its subsidiary. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in Lavasa Corporation Limited	**147.99**	147.99
a) Secured by exclusive charge by way of registered mortgage on retail built up area to provide two time cover for the overdraft facility. The charged would be released as when Dasve Retail Limited ("DRL") sells the built up space. b) The total assets coverage ratio to be maintained at two times during the entire tenor of the facility based on the market value of land and any constructed property thereon. c) Exclusive charge on movable assets, current assets, including entire present and future lease receivables and Escrow/TRA held with the bank. d) Negative lien on entire net block of DRL. e) Unconditional and irrevocable corporate guarantee of Lavasa Corporation Limited for the entire loan.	**18.64**	17.95
Exclusive first charge on the current assets and movable fixed assets of Lavasa Hotels Limited ("LHL"). Negative lien on the immovable fixed asset of LHL.	**3.42**	4.00
a) Mortgage over all the fixed and current assets including future assets of Charosa Wineries Limited. b) Pledge over 21,00,000 shares held by HCC Real Estate Limited. c) 100% Corporate Guarantee given by Holding Company, HCC Real Estate Limited.	**69.71**	70.38
Secured by mortgage (first charge) of unencumbered land of Lavasa Corporation Limited. Entire loan classified as Current financial liability.	**22.42**	22.42
	816.20	817.85

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Terms of repayment		
Carrying interest rate ranging from 13.10% p.a. to 15.85% is repayable in 12 structured quarterly installments commencing from June 2018 and ending in March 2021.	**477.01**	478.10
Carrying interest rate ranging from 10.56% p.a. to 14.40% p.a. is repayable in 6 to 14 structured quarterly installments commencing from March 2017 and ending in March 2021.	**225.00**	225.00
Carrying interest rate of 13.35% p.a. is repayable in 28 structured quarterly installments commencing from June 2018 and ending in March 2025.	**18.64**	17.95
Carrying interest rate of 11.85% p.a. is repayable in 28 structured quarterly installments, commencing 27 months after the date of initial disbursement i.e. 27 March 2012.	**3.42**	4.00
Carrying interest rate of 13.57% p.a. is repayable in 28 structured quarterly installments, commencing 36 months after the date of initial disbursement i.e. 28 December 2012.	**69.71**	70.38
Term Loan from ICICI bank carrying interest rate of ICICI Base Rate (9.25% p.a.) plus 2.25% p.a. This loan is repayable in 10 years in 28 structured quarterly	**22.42**	22.42
	816.20	817.85

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Note 22 Revenue from operations		
Contract revenue	**9,433.60**	9,224.94
Sale of products	**2.33**	18.80
Sale of land	**4.10**	42.80
Food & beverages	**7.48**	6.99
Income from sale of software products and licenses	**18.75**	22.43
Income from services	**77.99**	38.84
Other operating revenue	**588.21**	511.98
Total revenue from operations	**10,132.46**	9,866.78
Note 23 Other income		
Interest received on financial assets carried at amortised cost	**25.13**	6.68
Interest received on Income tax refund	**1.46**	12.04
Dividend from non-current investments	**0.48**	1.20
Rental Income	**6.58**	17.95
Gain on fair valuation of current investments	**1.19**	-
Exchange gain (net)	**-**	10.02
Excess provision no longer required, written back	**2.83**	2.37
Profit on sale of non-current investments (net)	**0.08**	-
Miscellaneous	**18.33**	30.81
Total other income	**56.08**	81.07
Note 24 Cost of construction materials consumed		
Stock at beginning of the year	**236.14**	169.08
Add: Purchases	**1,035.99**	946.26
	1,272.14	1,115.34
Less: Sale of scrap and unserviceable material	**16.33**	8.93
	1,255.81	1,106.41
Less: Stock at the end of the year	**182.12**	236.14
Total cost of construction materials consumed	**1,073.69**	870.27
Note 25 Change in Inventories		
Opening inventory	**2,371.80**	2371.59
Less: Closing inventory	**2,321.95**	2371.80
	49.85	(0.21)
Note 26 Construction expenses		
Power, fuel and water	**125.49**	126.08
Rates and taxes	**126.95**	168.98
Insurance	**46.14**	50.87
Rent (Refer note 26.1)	**89.30**	109.77
Transportation	**43.33**	33.94
Land development charge	**10.97**	52.43
Others	**34.43**	25.94
	476.61	**568.01**
Less : capitalised	**-**	(0.13)
Total construction expenses	**476.61**	567.88

Note 26.1 The Group has taken various construction equipment and vehicles under non-cancellable operating leases. The future minimum lease payments in respect of these as at 31 March 2018 are as follows:

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
Minimum lease rental payments		
i) Payable not later than one year	**41.95**	42.62
ii) Payable later than one year and not later than five years	**82.26**	114.73
iii) Payable later than five years	**4.10**	4.30
	128.31	161.65

The lease agreement provides for an option to the Group to renew the lease period at the end of the non-cancellable period. There are no exceptional/ restrictive covenants in the lease agreements.

Further, the Group has entered into cancellable operating lease for office premises and employee accommodation. Tenure of leases generally vary between one year to four years. Terms of the lease include operating terms for renewal, terms of cancellation etc.

		Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Note 27 Employee benefits expense (net of recoveries at cost)			
Salaries and wages		**885.23**	865.67
Contribution to provident and other funds		**67.23**	65.01
Staff welfare		**69.15**	64.76
Total employee benefits expense		**1,021.61**	995.44

Note 27.1 For each of the years ended 31 March 2014 and 31 March 2016, the Company has paid remuneration of ₹ 10.66 crore to the Chairman and Managing Director (CMD) based on the approval by shareholders and the applications filed with the Ministry of Corporate Affairs ('the Ministry') for their approval. The Ministry had approved ₹ 1.92 crore for 31 March 2014 for which the Company has filed an application to review the same. For the year ended 31 March 2016, amount payable as per the limits prescribed under the Companies Act amounted to ₹ 1.21 crore. Pending receipt of the aforesaid approvals, an aggregate of ₹ 18.19 crore as at 31 March 2018, is held in trust by the CMD.

Note 27.2 In respect of year ended 31 March 2015, the Company has provided for remuneration for CMD of ₹ 10.66 crore. The Company has made an application to the Ministry seeking its approval for payment of ₹ 10.66 crore which is in excess of the limits specified under Schedule V to the Act.

		Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Note 28 Finance costs (net of recoveries at cost)			
Interest expense on:			
- debentures		**334.06**	225.31
- others		**1,129.66**	1,267.10
Other borrowing costs			
- guarantee commission		**42.26**	25.21
- finance charges		**19.40**	25.52
Less : capitalised		**-**	(0.27)
Total finance costs		**1,525.38**	1,542.87
Note 29 Other expenses (net of recoveries at cost)			
Stationery, postage, telephone and advertisement		**7.52**	9.75
Travelling and conveyance		**15.86**	18.44
Professional		**66.41**	84.63
Repairs and maintenance		**37.61**	27.75
Directors' sitting fees (Refer note 39)		**0.75**	0.93
Auditors' remuneration:			
i) Audit fees	**4.58**		4.47
ii) Tax audit fees	**0.20**		0.20
iii) Limited review fees	**0.74**		0.70
iv) Certification fees	**0.89**		1.57
v) Reimbursement of out of pocket expenses	**0.04**		0.01
		6.45	6.95
Office expenses		**33.95**	38.86
Operation and maintenance		**13.37**	56.07
Warranty expenses (Refer note 18.1)		**58.45**	43.13
Selling and distribution expenses		**6.80**	9.23
Exchange loss (net)		**7.78**	-
Computer maintenance expenses		**7.35**	12.74
Impairment loss provision			
- on trade receivables		**0.80**	15.92
- advance to suppliers		**7.32**	49.98
Loss on sale of property, plant and equipment (net)		**0.57**	2.35
Miscellaneous		**32.07**	15.74
Total other expenses		**303.06**	392.47

Note 29.1 The Group is not liable to incur any expenses on CSR as per section 135 of the Companies Act, 2013.

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
Note 30 Exceptional items		
a) Trade receivables and work in progress written off	-	(35.97)
b) Gain on restructuring of debts	-	14.75
c) Impairment loss provision		
- on trade receivables	(12.96)	-
- capital work in progress	(108.45)	-
- goodwill	(30.46)	-
- advance to suppliers	(8.32)	-
Total exceptional items [Income/ (expense)]	**(160.19)**	(21.22)

Note 31 Earnings per share (EPS)
Basic and diluted EPS

A. Profit/(loss) computation for basic earnings per share of ₹ 1 each			
Net loss as per the Statement of Profit and Loss available for equity shareholders	(₹ crore)	**(814.09)**	(758.02)
B. Weighted average number of equity shares for EPS computation	(Nos.)	**1,01,40,15,737**	83,15,48,386
C. Loss per share - Basic and Diluted EPS	(₹)	**(8.03)**	(9.12)

The options granted to employees under the Employee stock option (ESOP) plan and the optionally convertible debentures do not qualify as potential equity shares outstanding during the periods, based on the present conditions prevalent, and hence have not been considered in the determination of diluted earnings per share.

Note 32 Contingent liabilities and commitments

A. Contingent liabilities	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
(i) Claims not acknowledged as debts by the Group	**321.63**	325.88
(ii) Income tax liability that may arise in respect of which Group is in appeals	**55.25**	57.19
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	**200.75**	174.54
(iv) Corporate guarantee	**3.06**	3.06
(v) Counter indemnities given to banks in respect of contracts executed by joint ventures	**1,895.59**	1,958.79

It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities except in respect of matter stated in (iv) above. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

(vi) Others
During the current year, in response to appeal filed by certain customers of the Company, Maharashtra Real Estate Appellate Tribunal (Appellate Tribunal) set aside the order of the Maharashtra Real Estate (Regulation & Development) Act (MahaRERA) and adjudicated that the Real Estate (Regulation & Development) Act (RERA) is applicable to the transactions in the nature of lease entered by the Company with its customers. The Company's management is of the view that the township was registered with MahaRERA, because it has various types of transactions, including sale of villas, hotels etc. as well as leased apartments. The Company has filed an appeal in the High Court challenging the order of the Appellate Tribunal which is presently sub judice. Based on the contractual terms and the legal advice received by the Company, the management believes that it has a good case and no provision is required in respect of this matter.

B. Commitments

Capital Commitment (net of advances)	**25.58**	123.10

C. Other commitments:
With regard to land parcels at Vikhroli (East) held by the Company, the Notification under Section 3C(1) under the Maharashtra Slum Area (Improvement & Redevelopment) Act, 1971 declaring the said property at Vikhroli (East) as "Slum Rehabilitation Area" has been challenged by some persons and Appeals preferred by both the parties are pending in the Bombay High Court. Similarly, a suit filed in the High Court by some persons for declaration that they are Lessees of the said property is also pending. Suit filed by the Company for vacant and peaceful possession of part of the said land is pending in the Small Causes Court, Mumbai. No Liability is expected in aforesaid matter.

Note 33.1 The Group, as at 31 March 2018, has a non-current investment amounting to ₹ 292.81 crore (31 March 2017: ₹ 315.40 crore) and other current financial assets amounting to ₹ Nil (31 March 2017: ₹ 4.97 crore) in HCC Concessions Limited (HCL), a joint venture company of HICL (85.45% holding), having various Build, Operate and Transfer (BOT) SPVs under its fold. While HCL has incurred losses during its initial years and consolidated net-worth as at 31 March 2018 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this entity does not represent its true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of the entity is higher than the carrying value of the investments due to which these are considered as good and recoverable.

Note 33.2 In respect of HICL, management is of the view that diminution in the net worth of HICL is temporary in nature given significantly higher fair market value of its investments in HCL, a joint venture company of HICL, and ongoing incubation of other infrastructure businesses which will create further value for HICL. During the year ended 31 March 2018, based on valuation done by the Independent valuer, HCL has been valued at ₹ 2,298.14 crore. The Group owns 85.45% equity stake in HCL. In view of this, the financial statements of HICL group have been prepared on a going concern basis.

Note 34 'Unbilled work-in-progress (Other current financial assets), 'Non-current trade receivables' and 'Current trade receivables' include ₹ 686.24 crore (31 March 2017: ₹ 911.80 crore), ₹ 123.39 crore (31 March 2017: ₹ 123.39 crore) and ₹ 214.38 crore (31 March 2017: ₹ 90.30 crore), respectively, outstanding as at 31 March 2018 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Group is at various stages of negotiation/discussion with the clients or under arbitration/litigation. Non-current trade receivables also include arbitration awards received in favour of the Group, which have been subsequently set aside by District Court/ High Courts against which the Group has preferred appeals at High Courts/ Supreme Court and has been legally advised that it has good case on merits. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations, the management is confident of recovery of these receivables.

Note 35.1 In respect of LCL, a subsidiary company, the Ministry of Environment & Forests (MoEF), Government of India, vide its order dated 9 November 2011, accorded Environment Clearance to 2,048 hectares (5,058 acres) of the project subject to compliance of certain terms and conditions. Accordingly, construction has resumed at project site from 9 November 2011. LCL has filed an appeal before the National Green Tribunal, New Delhi (NGT) challenging some of the conditions prescribed in the said Order which is pending before NGT. The management believes that the matter will be decided in their favour without any financial loss to LCL.

Note 35.2 LCL, a subsidiary company, has incurred losses and consolidated net-worth as at 31 March 2018 has been fully eroded. The underlying projects in such entity are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on valuation report of an independent valuer is of the view that there is no impairment in value of LCL net assets (capital employed) of ₹ 3,244.18 crore (31 March 2017: ₹ 4,124.40 crore). Similarly, no diminution in value of goodwill amounting to ₹ 95.04 crore (31 March 2017: ₹ 95.04 crore) and non-controlling interest amounting to ₹ 482.99 crore (31 March 2017: ₹ 207.09 crore) of LCL is considered necessary.

Note 35.3 LCL's capital work-in-progress (CWIP) as at 31 March 2018 includes amounts aggregating ₹ 1,196.80 crore (31 March 2017: ₹ 1,233.39 crore), carrying from earlier years, in respect of the projects presently under construction. The underlying projects in LCL are in initial stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of the CWIP as at 31 March 2018.

Note 35.4 In respect of LCL, a subsidiary company did not have an audit committee during the current year as required under Section 177 of the Act and presently is in the process of constituting this committee.

Note 35.5 A subsidiary company, HCC Real Estate Limited's (HREL), non-current investments as at 31 March 2018 include investments aggregating ₹ 51.66 crore (31 March 2017: ₹ 54.57 crore) in its joint ventures and associates and other non-current loans and current trade receivables as on that date include dues from such joint ventures and associates aggregating ₹ 56.34 crore (31 March 2017: ₹ 49.96 crore) and ₹ 19.48 crore (31 March 2017: ₹ 12.37 crore) respectively, being considered good and recoverable by the management. The net worth of the aforesaid joint ventures and associates as at 31 March 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended 31 March 2018. The operations of these joint ventures and associates are dependent on the project undertaken by the respective companies as a group. The underlying projects in HREL are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of these investments and receivables as at 31 March 2018.

Note 35.6 Charosa Wineries Limited (CWL), a subsidiary company, has incurred losses and its net worth has fully eroded as on 31 March 2018. The management of CWL has implemented certain cost savings schemes and such subsidiary is in the process of negotiating with the lenders for debt restructuring. Based on the evaluation of the business prospects and plans formulated, management is confident of revival of operations and rescheduling of its debts. Thus, management is of the view that there is no impairment in the value of CWL net assets (capital employed) of ₹ 85.26 crore.

Note 35.7 HREL, a subsidiary company, has incurred consolidated net loss of ₹ 961.30 crore during the year ended 31 March 2018 and has also suffered losses from operations during the preceding financial years and as of that date and its current liabilities exceeded its current assets by ₹ 3,883.31 crore. LCL, a subsidiary of HREL, also has external borrowings from banks and financial institutions, principal and interest repayment of which has been delayed and has also defaulted in dues payable to debenture holders. The operations of LCL group are dependent on the project undertaken by it and other entities in the group as a whole. The lenders of LCL had invoked Strategic Debt Restructuring (SDR) with reference date of 20 September 2017 as part of a comprehensive solution. The SDR process was withdrawn by the Reserve Bank of India vide its circular dated 12 February 2018. As per the revised framework in case of default as at 1 March 2018, LCL has to formulate the resolution plan which can be further restructuring or change in ownership through investor followed by restructuring. LCL is in the process of formulating the resolution plan along with the lenders and it is also in the process of reassessing its business plan in view of expected growth opportunities and intends to significantly expand its business operations going forward. Basis this, HREL's group management has prepared the financial statements on a "Going Concern" basis.

Note 36.1 In respect of Raiganj Dalkhola Highway Limited (RDHL), a jointly controlled entity, on 31 March 2017, NHAI had terminated the Concession Agreement of the project by issuing termination notice. RDHL refuted the concessionaire default alleged by NHAI and requested for withdrawal of termination. However, NHAI did not withdraw the termination notice. Consequently, since the delay was on account of default by NHAI, RDHL has notified NHAI that the termination shall be deemed to occur on account of Authority Default and accordingly, RDHL shall be entitled for the termination payment as per terms of the Concession Agreement. In view of this, the cost incurred by RDHL till 31 March 2018 appearing in its financial statement under intangible assets under development amounting to ₹ 177.42 crore is considered fully recoverable by the management of RDHL.

Note 36.2 RDHL has accumulated cost incurred on the project till 31 March 2017 as an intangible asset under development. After the termination, RDHL has preferred two claims against NHAI before arbitration, a claim for ₹ 368 crore on account of wrongful termination of contract and claim of ₹ 802 crore for losses suffered by RDHL due to wrongful termination of the contract. Arbitral tribunal has been constituted for hearing the claims. Based on the legal advice, RDHL's management is of the view that these claims are fully recoverable and as a result, the intangible asset under development representing the cost incurred till the date of termination doesn't require any impairment. RDHL is confident of full recovery of its claims. Also the net worth of RDHL is positive as per books of accounts as at 31 March 2018. The Management of RDHL therefore views this entity as a going concern and the financial statement have been prepared accordingly.

Note 37 Consequent to the 'intention to issue termination notice' issued by Badarpur Faridabad Tollways Limited (BFTL), a jointly controlled entity of HCC Infrastructure Company Limited (HICL), vide letter dated 31 March 2017, BFTL has issued termination notice to NHAI on 1 September 2017, terminating the Concession Agreement (CA) of the project entered with NHAI due to various reasons / authority defaults mentioned therein and demanded termination payment of ₹ 775 crore. NHAI has refuted the termination initiated by BFTL. NHAI, in turn, issued suspension notice and took over the project. Subsequent to its suspension notice, the NHAI terminated the concession agreement on 23 February 2018. BFTL has refuted NHAI's termination stating that NHAI's termination is invalid. BFTL has referred this matter for arbitration. Based on the legal advice obtained in this respect, management of BFTL is confident of recovering the amount from NHAI and has therefore accounted the same in the financial statements. In view of the above, going concern assumption is considered to be appropriate and the financial statement has been drawn accordingly.

Note 38 Details of Employees Stock Option Scheme for LCL, a subsidiary company	**As at 31 March 2018 Number**	As at 31 March 2017 Number
a. Outstanding as at beginning of the year	4,30,305	8,74,064
b. Granted during the year	-	-
c. Forfeited during the year	-	-
d. Exercised during the year	-	-
e. Expired / cancelled / lapsed during the year	4,30,305	4,43,759
f. Outstanding at the end of the year	-	4,30,305
g. Exercisable at the end of the year	-	4,30,305

Note: During the current year, all the options existing as at 31 March 2017 have been lapsed and accordingly no charge has been made to the statement of profit and loss.

Note 40 Interests in other entities

a) Joint operations (unincorporated)
The Group's share of interest in joint operations as at 31 March 2018 is set out below . The principal place of business of all these joint operations is in India except for ARGE Prime Tower having principal place of business in Switzerland

Name of the entity	% of ownership interest held by the Company		Name of the ventures' partner	Principal activities
	As at 31 March 2018	As at 31 March 2017		
HCC-L&T Purulia Joint Venture	**57.00**	57.00	Larsen and Toubro Limited	Construction
Nathpa Jhakri Joint venture	**40.00**	40.00	Impregilio-Spa, Italy	Construction
Kumagai-Skanska Joint venture	**19.60**	19.60	Skanska, Kumagai	Construction
HCC-Itochu-Alpine-Samsung Joint Venture	**33.00**	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	Construction
Alpine - HCC Joint Venture	**49.00**	49.00	Alpine Meyreder Bau	Construction
HCC - Samsung Joint Venture CC-34	**50.00**	50.00	Samsung Corporation	Construction
ARGE Prime tower	**45.00**	45.00	Losinger Construction AG	Construction

i) **Classification of joint arrangements**
The joint venture agreements in relation to the above mentioned joint operations require unanimous consent from all the parties for all relevant activities. All co-venturers have direct rights to the assets of the joint venture and are also jointly and severally liable for the liabilities incurred by the joint venture. These joint ventures are therefore classified as a joint operation and the Company recognises its direct right to the jointly held assets, liabilities, revenue and expenses. In respect of these contracts (assessed as AOP under the Income tax laws), the services rendered to the joint ventures are accounted as income on accrual basis.

	As at 31 March 2018 ₹ crore	As at 31 March 2017 ₹ crore
ii) **Summarised balance sheet**		
Total assets	**43.09**	61.22
Total liabilities	**74.01**	75.00
iii) **Contingent liability as at reporting date**		
Contingent liability	**7.05**	2.54

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2017 ₹ crore
iv) **Summarised statement of profit and loss account**		
Revenue	**19.90**	45.58
Other income	**0.83**	1.96
Total expenses (including taxes)	**38.39**	39.84

b) Joint operations on work sharing basis
Contracts executed in joint venture under work sharing arrangement (consortium) is set out below. The principal place of business of all these arrangements is in India and are engaged in construction business.

i) HCC Van Oord ACZ Joint Venture
ii) Samsung - HCC Joint Venture
iii) L & T - HCC Joint Venture
iv) HCC - KBL Joint Venture
v) HCC - NCC Joint Venture
vi) HCC - CEC Joint Venture
vii) HCC - NOVA Joint Venture
viii) HCC - CPL Joint Venture
ix) HCC - MEIL - CBE Joint Venture
x) HCC - MEIL - BHEL Joint Venture
xi) HCC - MEIL - SEW - AAG Joint Venture
xii) HCC - MEIL - SEW Joint Venture
xiii) HCC - Halcrow Joint Venture
xiv) HCC - Laing - Sadbhav
xv) HCC - MEIL - NCC - WPIL Joint Venture
xvi) HCC - DSD - VNR Joint Venture
xvii) MEIL - IVRCL - HCC - WPIL Joint Venture
xviii) Alstom Hydro France - HCC Joint Venture
xix) HCC - MMS (MMRCL) Joint Venture
xx) HCC - LCESPL (Bistan Lift) Joint venture
xxi) HCC - HSEPL Joint Venture
xxii) HCC - AL FARA'A Joint Venture
xxiii) HCC - URCC Joint Venture

Classification of work executed on sharing basis
Contracts executed in joint venture under work sharing arrangement (consortium) is accounted to the extent work executed by the Group as that of an independent contract.

Note 39 Disclosure in accordance with Ind AS 24 Related Party Transactions

A. Names of related parties and nature of relationship

		Country of incorporation	Company's holding as at (%) 31 March 2018	31 March 2017
a)	**Joint Venture**			
	HCC Concession Limited	India	85.45	85.45
	Narmada Bridge Tollways Limited	India	85.45	85.45
	Badarpur Faridabad Tollways Limited	India	85.45	85.45
	Baharampore-Farakka Highways Limited	India	89.23	89.23
	Farakka-Raiganj Highways Limited	India	89.23	89.23
	Raiganj-Dalkhola Highways Limited	India	86.91	86.91
	Ecomotel Hotel Limited (w.e.f. 27 March 2018)	India	40.00	51.00
	Spotless Laundry Services Limited	India	76.02	76.02
	Whistling Thrush Facilities Services Limited	India	51.00	51.00
	Apollo Lavasa Health Corporation Limited	India	49.00	49.00
	Andromeda Hotels Limited	India	40.03	40.03
	Bona Sera Hotels Limited	India	26.00	26.00
	Starlit Resort Limited	India	26.00	26.00
	Nirmal BOT Limited	India	22.22	22.22
b)	**Associates**			
	Warasgaon Lake View Hotels Limited (w.e.f. 9 June 2017) (Previously known as Lavasa Star Hotel Limited)	India	24.56	19.11
	Knowledge Vistas Limited	India	49.00	49.00
	Evostate AG	Switzerland	30.00	30.00
	MCR Managing Corp. Real Estate	Switzerland	30.00	30.00
	Projektentwicklungsges. Parking Kunstmuseum AG	Switzerland	38.64	38.64
	Evostate Immobilien AG (w.e.f. 12 October 2017)	Switzerland	30.00	-
	Highbar Technocrat Limited (w.e.f. 21 July 2016) (previously known as Osprey Hospitality Limited)	India	49.00	49.00

c)	**Other Related Parties**	**Relationship**
	Gulabchand Foundation	Other related party
	Hincon Holdings Limited	Other related party
	Hincon Finance Limited	Other related party
	HCC Employee's Provident Fund (refer note below)	Post-employment contribution plan
	Stiftung der Steniner AG (Steiner pension foundation)	Post-employment benefit plan

d) Key Management Personnel and Relative of Key Management Personnel

Mr Ajit Gulabchand	Chairman and Managing Director
Mr Arjun Dhawan	Relative of Key Management Personnel Group Chief Executive Officer and Whole Time Director (w.e.f. 1 April 2017)
Mr Rajgopal Nogja	Group Chief Operating Officer & Whole Time Director (upto 2 May 2016) and Group Chief Executive Officer (w.e.f 3 May 2016 to 31 March 2017)
Ms. Shalaka Gulabchand Dhawan	Whole time director
Mr. Rajas R. Doshi	Independent Director
Mr. Ram P. Gandhi	Independent Director
Mr. Sharad M. Kulkarni	Independent Director
Mr. Anil C. Singhvi	Independent Director
Dr. Omkar Goswami	Independent Director
Mr. N. R. Acharyulu	Non Executive Director
Mr. Arun V. Karambelkar	President & Chief Executive Officer - E&C (upto 31 January 2018)
Mr. Amit Uplenchwar	Chief Executive Officer - E&C (w.e.f. 31 January 2018)
Mr. Praveen Sood	Group Chief Financial Officer
Mr. Sangameshwar Iyer	Company Secretary (upto 8 May 2017)
Mr. Venkatesan Arunachalam	Company Secretary (w.e.f. 9 May 2017)

Note 39 Disclosure in accordance with Ind AS 24 Related Party Transactions

B. Nature of Transactions

₹ crore

Transactions with related parties:	Year ended 31 March 2018	Year ended 31 March 2017
Interest on ICD received		
Joint venture	**7.80**	5.09
Other related party	**-**	5.09
	7.80	10.18
Interest on lease deposit		
Other related party	**0.31**	0.30
	0.31	0.30
Rendering of services		
Joint venture	**0.19**	0.13
Other related party	**-**	1.45
Associates	**3.36**	8.28
	3.55	9.86
Receiving of services		
Joint venture	**0.19**	0.13
Other related party	**-**	1.45
	0.19	1.58
Work bill receipts including sales of products		
Joint venture	**350.86**	351.39
	350.86	351.39
Other income		
Associate	**0.02**	-
Joint Venture	**0.58**	4.17
Other Related Party	**-**	0.52
	0.60	4.69
Interest expense on CG		
Joint Venture	**-**	0.06
	4.54	4.59
Other expenses		
Associate	**3.68**	2.12
Joint Venture	**0.28**	1.61
Other Related Party	**10.07**	11.38
	14.03	15.11
Inter corporate deposit given during year		
Joint venture	**-**	2.59
	-	2.59
Conversion of receivables into inter-corporate deposit		
Joint venture	**-**	3.64
	-	3.64
Inter corporate deposit recovered		
Joint venture	**-**	6.35
Associates	**2.81**	-
Other related party	**-**	30.97
	2.81	37.32
Inter corporate deposit taken during the year		
Associates	**0.01**	-
Joint venture	**4.59**	18.26
Other related party	**-**	4.92
	4.60	23.18
Outstanding balances:		
Outstanding receivables		
Trade receivable		
- Joint venture	**274.44**	11.17
- Associates	**10.33**	3.49
	284.77	14.66
Interest receivable		
- Joint venture	**12.29**	11.67
	12.29	11.67
Receivable from related party		
- Associates	**28.08**	23.53
- Other related party	**2.28**	1.72
- Joint venture	**-**	0.03
	30.36	25.28

Note 39 Disclosure in accordance with Ind AS 24 Related Party Transactions

B. Nature of Transactions

	₹ crore	₹ crore
	Year ended 31 March 2018	Year ended 31 March 2017
Inter-corporate deposit		
- Joint venture	**56.89**	49.96
- Other related party	**21.34**	21.34
	78.23	71.30
Unbilled work-in-progress		
- Joint venture	**271.64**	344.09
	271.64	344.09
Security deposit given		
- Other related party	**2.51**	3.34
	2.51	3.34
Outstanding payables		
Inter-corporate deposits		
- Joint venture	**0.58**	0.58
	0.58	0.58
Payable to related party		
- Associate	**-**	0.15
- Joint venture	**42.73**	126.50
- Other related party	**1.54**	1.08
	44.27	127.73
Trade payables		
- Associates	**0.00**	0.00
- Joint venture	**4.47**	5.81
- Other related party	**-**	6.10
	4.47	11.91
Interest payable on ICD		
- Joint venture	**0.21**	-
	0.21	-
Quasi equity investment against inter corporate deposit and interest accrued		
- Joint venture	**0.94**	1.83
	0.94	1.83
Bank guarantees given and outstanding as at the end of the year		
- Joint venture	**30.06**	70.87
	30.06	70.87
Corporate guarantees given and outstanding at the end of the year		
- Associates	**0.88**	16.19
- Joint Venture	**0.07**	9.38
	0.94	25.57

C. (i) Details of transactions relating to persons referred to in item (B) above

	Year ended 31 March 2018	Year ended 31 March 2017
Remuneration for the year	**18.38**	22.45
Directors' sitting fees	**0.67**	0.83
	19.05	23.28
	As at 31 March 2018	As at 31 March 2017
Outstanding remuneration	**16.88**	13.80
	16.88	13.80

Notes

(i) The above figure does not include provisional gratuity liability valued by an actuary, as separate figures are not available.

(ii) Refer notes 16.2 and 19.1 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Company or the related parties.

(iii) Refer notes 12.2 for pledge of shares for facilities taken by joint venture.

Note 41 Financial instruments

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

(a) 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

(b) Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

A Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

₹ crore

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Investments							
Investments in equity shares (unquoted)	376.64	-	-	21.56	-	398.20	398.20
Investments in equity shares (quoted)	-	-	-	7.18	-	7.18	7.18
Investment in mutual funds	-	-	-	11.71	-	11.71	11.71
Trade receivables	3,840.41	-	-	-	-	3,840.41	3,840.41
Loans	99.59	-	-	-	-	99.59	99.59
Others financial assets	4,713.18	-	-	-	-	4,713.18	4,713.18
Cash and cash equivalents	404.18	-	-	-	-	404.18	404.18
Other bank balances	547.91	-	-	-	-	547.91	547.91
Liabilities:							
Borrowings	4,784.90	-	-	-	-	4,784.90	4,784.90
Trade payables	3,646.95	-	-	-	-	3,646.95	3,646.95
Other financial liabilities	6,361.34	-	-	-	-	6,361.34	6,361.34

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows:

₹ crore

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Investments							
Investments in equity shares (unquoted)	418.42	-	-	46.30	-	464.72	464.72
Investments in equity shares (quoted)	-	-	-	6.93	-	6.93	6.93
Investment in mutual funds	-	-	-	4.46	-	4.46	4.46
Trade receivables	3,736.79	-	-	-	-	3,736.79	3,736.79
Loans	108.41	-	-	-	-	108.41	108.41
Others financial assets	5,127.88	-	-	-	-	5,127.88	5,127.88
Cash and cash equivalents	227.74	-	-	-	-	227.74	227.74
Other bank balances	531.40	-	-	-	-	531.40	531.40
Liabilities:							
Borrowings	7,394.73	-	-	-	-	7,394.73	7,394.73
Trade payables	3,462.92	-	-	-	-	3,462.92	3,462.92
Other financial liabilities	3,461.57	-	-	-	-	3,461.57	3,461.57

B Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

₹ crore

Particulars	31 March 2018			31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in equity shares (quoted)	7.18	-	-	6.93	-	-
Investments in equity shares (unquoted)	-	-	21.56	-	-	46.30
Investment in mutual funds	11.71	-	-	4.46	-	-

Note 42 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

i Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

a **Interest rate risk**
Majority of the long term borrowings of the Group bear fixed interest rate, thus interest rate risk is limited for the Group.

b **Foreign currency risk**
The Group has several balances in foreign currency and consequently the Group is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The following table analyses foreign currency risk from financial instruments as at 31 March 2018: ₹ crore

Particulars	**USD**	**EUR**	**GBP**	**SEK**
Assets				
Advance to suppliers	0.02	0.01	0.00 *	-
Trade receivables	0.81	0.23	-	-
Bank balances	11.31	0.00	-	-
Unbilled work-in-progress	28.72	0.36	-	-
	40.86	0.60	0.00	-
Liabilities				
Loans from banks	14.12	-	-	-
Buyers' credit	0.14	0.02	-	-
Advance from contractee	0.16	0.62	-	-
Trade payables	26.07	0.34	-	0.10
Interest on loans	0.47	-	-	-
	40.96	0.98	-	0.10
Net assets / (liabilities)	**(0.10)**	**(0.38)**	**0.00**	**(0.10)**

The following table analyses foreign currency risk from financial instruments as at 31 March 2017: ₹ crore

Particulars	**USD**	**EUR**	**GBP**	**SEK**
Assets				
Advance to suppliers	-	1.07	0.10	-
Trade receivables	1.19	0.23	-	-
Bank balances	9.54	0.00 *	-	-
Unbilled work-in-progress	27.24	0.44	-	-
	37.97	1.74	0.10	-
Liabilities				
Loans from banks	8.88	-	-	-
Buyers' credit	0.01	0.13	-	-
Advance from contractee	11.04	0.65	-	-
Trade payables	26.06	0.82	0.01	0.16
Interest on loans	0.66	-	-	-
	46.65	1.60	0.01	0.16
Net assets / (liabilities)	**(8.69)**	**0.14**	**0.09**	**(0.16)**

Sensitivity analysis
The Group's exposure in foreign currency is not material and hence the impact of any significant fluctuation in the exchange rates is not expected to have a material impact of the operating profits of the Group.

c **Equity price risk**
The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

As at 31 March 2018, the exposure to listed equity securities at fair value was ` 18.89 crore. A decrease of 10% on the NSE market index could have an impact of approximately ` 1.89 crore on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have a material effect on the profit or loss of the Company.

ii Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from group companies.

a Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Group mainly consists of the government promoted entities having a strong credit worthiness. For other customers, the Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from government promoted agencies and others

Particulars	**31 March 2018 %**	31 March 2017 %
Revenue from government promoted agencies	**63.83**	46.31
Revenue from others	**36.17**	53.69
	100.00	100.00

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	31 March 2018 ₹ crore	31 March 2017 ₹ crore
Revenue from top customer	**410.43**	605.29
Revenue from top five customers	**1850.52**	2,448.47

For the year ended 31 March 2018, one (31 March 2017: four) customers, individually, accounted for more than 10% of the revenue.

The movement of the allowance for lifetime expected credit loss is stated below: ^

Balance at the beginning of the year	19.48	**19.48**
Balance at the end of the year	33.24	**19.48**

^ The Group has written off ₹ 13.76 crore and ₹ 15.92 crore towards amounts not recoverable during the years ended 31 March 2018 and 31 March 2017, respectively.

b Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings.

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: ₹ crore

Particulars	**On demand**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**	**Total**
As at 31 March 2018					
Borrowings	1,112.35	10.89	7,099.78	1,232.56	9,455.57
Trade payables	-	3,646.95	-	-	3,646.95
Interest accrued	1,010.01	292.02	-	-	1,302.02
Other financial liabilities	-	5,047.26	9.97	2.09	5,059.32
Total	**2,122.36**	**8,997.12**	**7,109.75**	**1,234.65**	**19,463.87**
As at 31 March 2017					
Borrowings	1,230.97	9.39	6,952.86	1,586.73	9,779.95
Trade payables	-	3,462.92	-	-	3,462.92
Interest accrued	692.72	114.85	-	-	807.56
Other financial liabilities	-	2,639.77	12.14	2.09	2,654.00
Total	**1,923.69**	**6,226.93**	**6,965.00**	**1,588.82**	**16,704.43**

Note 43 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The Group strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt divided by total capital plus total debt.

	As at 31 March 2018	As at 31 March 2017
Total debt	9,455.57	9,779.95
Total equity plus total debt	7,904.50	9,304.87
Total debt to equity ratio (Gearing ratio)	**1.20**	1.05

In the long run, the Group's strategy is to maintain a gearing ratio of less than 1.25.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings as stated in note 16, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

Note 44: Interest in other entities

44.1 Subsidiaries

The Group's subsidiaries as at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests		Principal activities
		31 March 2018	31 March 2017	31 March 2018	31 March 2017	
Western Securities Limited	India	97.87	97.87	2.13	2.13	Insurance auxlliary services
HCC Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
Panchkutir Developers Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	-	-	Investment company
HCC Construction Limited	India	100.00	100.00	-	-	Construction
Highbar Technologies Limited	India	100.00	100.00	-	-	IT Consulting
HCC Infrastructure Company Limited	India	100.00	100.00	-	-	Toll Management
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	-	-	Investment company
Lavasa Corporation Limited	India	68.70	68.70	31.30	31.30	Township development
HRL (Thane) Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
HRL Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Nashik Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Maan Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Charosa Wineries Limited	India	100.00	100.00	-	-	Winneries
Powai Real Estate Developer Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Realty Limited	India	100.00	100.00	-	-	Real Estate Development
Pune Paud Toll Road Company Limited ^^	India	-	100.00	-	-	Toll Management
HCC Aviation Limited	India	100.00	100.00	-	-	Aircraft services
HCC Operation and Maintenance Limited	India	100.00	100.00	-	-	Operation & Maintenance of Road
Dhule Palesner Operations & Maintenance Limited	India	100.00	100.00	-	-	Operation & Maintenance of Road
HCC Power Limited	India	100.00	100.00	-	-	Power Development
HCC Energy Limited (Incorporated on 11 August 2015)	India	100.00	100.00	-	-	Power Development
Lavasa Hotel Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Lakeshore Watersports Company Limited	India	100.00	100.00	-	-	Watersport operations
Dasve Convention Center Limited	India	100.00	100.00	-	-	Hospitality services
Dasve Business Hotel Limited	India	100.00	100.00	-	-	Entertainment and Hospitality
Dasve Hospitality Institutes Limited	India	100.00	100.00	-	-	Educational services
Lakeview Clubs Limited	India	100.00	100.00	-	-	Clubs
Dasve Retail Limited	India	100.00	100.00	-	-	Retail and leasing business
Full Spectrum Adventure Limited	India	90.91	90.91	9.09	9.09	Adventure Sports
Lavasa Bamboocrafts Limited	India	100.00	100.00	-	-	Manufacturing and sale of bamboo articles
My City Technology Limited	India	63.00	63.00	37.00	37.00	Information and Communication Technology
Reasonable Housing Limited	India	100.00	100.00	-	-	Housing business
Future City Multiservices Sez Limited	India	100.00	100.00	-	-	Development of SEZ
Verzon Hospitality Limited	India	100.00	100.00	-	-	Hostel services
Rhapsody Commercial Space Limited	India	100.00	100.00	-	-	Leasing business
Valley View Entertainment Limited	India	100.00	100.00	-	-	Entertainment services
Warasgaon Tourism Limited	India	100.00	100.00	-	-	Transport and Tourism
Our Home Service Apartments Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Warasgaon Power Supply Limited	India	100.00	100.00	-	-	Infrastructure - BOT basis
Sahyadri City Management Limited	India	100.00	100.00	-	-	City management
Hill City Service Apartments Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Kart Racers Limited	India	89.90	89.90	10.10	10.10	Adventure Sports
Warasgaon Infrastructure Providers Limited	India	100.00	100.00	-	-	Infrastructure services
Nature Lovers Retail Limited	India	100.00	100.00	-	-	Retail services
Warasgaon Valley Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Rosebay Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Mugaon Luxury Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Warasgaon Assets Maintenance Limited	India	100.00	100.00	-	-	Infrastructure- BOT basis
Hill View Parking Services Limited	India	100.00	100.00	-	-	Parking services
Steiner AG	Switzerland	100.00	100.00	-	-	Real Estate Development
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	-	-	Real Estate Development
Steiner (Deutschland) GmbH	Germany	100.00	100.00	-	-	Real Estate Development
VM + ST AG	Switzerland	100.00	100.00	-	-	Real Estate Development
Steiner Leman SAS**	France	100.00	100.00	-	-	Real Estate Development
Eurohotel SA	Switzerland	95.00	95.00	5.00	5.00	Real Estate Development
Steiner India Limited	India	100.00	100.00	-	-	Real Estate Construction
Manufakt8048 AG	Switzerland	100.00	-	-	-	Real Estate Development
Green Hills Residences Limited**	India	100.00	-	-	-	Hostel Services

^ including through subsidiary companies

^^As per order dated 9 March 2018 of National Company Law Tribunal, the scheme of merger of Pune Paud Toll Road Company Limited with HCC Infrastructure Company Limited is retrospectively effected from 1 April 2016

** was considered as joint venture for the year ended 31 March, 2017

44.2 Non-controlling interests (NCI)

The following table summarises the information relating to each of the subsidiaries that has NCI. The amounts disclosed for each subsidiary are before intra-group eliminations

₹ crore

Particulars	Western Securities Limited		Lavasa Corporation Limited		Full Spectrum Adventure Limited	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
NCI percentage	**2.13%**	**2.13%**	**31.30%**	**31.30%**	**9.09%**	**9.09%**
Non-current assets	2.31	2.50	2,662.76	4,054.77	3.34	3.45
Current assets	0.29	0.24	2,144.02	2,559.73	0.57	0.98
Assets held for sale	-	-	-	2.00	-	-
Non-current liabilities	0.51	0.53	636.80	2,706.09	0.02	0.02
Current liabilities	0.20	0.22	6,020.81	3,334.32	24.09	21.30
Net assets	**1.88**	**1.99**	**(1,850.82)**	**576.09**	**(20.20)**	**(16.89)**
Net assets attributable to NCI	**0.04**	**0.04**	**(579.31)**	**180.32**	**(1.84)**	**(1.08)**
Revenue	0.20	0.32	64.94	64.33	1.95	2.28
Profit for the year	0.09	0.19	(943.44)	(253.42)	(3.31)	(2.60)
Other comprehensive income	(0.07)	0.08	(0.01)	0.02	0.00	0.00
Total comprehensive income	**(0.11)**	**0.19**	(872.12)	**(166.27)**	**(3.31)**	**(2.60)**
Profit/(Loss) allocated to NCI	-	0.00	(295.30)	(79.32)	(0.30)	(0.24)
OCI allocated to NCI	(0.00)	0.00	(0.00)	0.00	0.00	0.00
Total comprehensive income allocated to NCI	**(0.00)**	**0.00**	**(295.30)**	**(79.32)**	**(0.30)**	**(0.24)**
Cash flow from operating activities	0.05	0.44	(5.44)	(103.67)	0.46	(0.25)
Cash flow from investing activities	(0.07)	(0.63)	(36.06)	(70.68)	-	-
Cash flow from financing activities	-	(2.00)	39.63	173.84	(0.54)	0.00
Net increase/ (decrease) in cash and cash equivalents	**(0.02)**	**(2.18)**	**(1.87)**	**(0.51)**	**(0.08)**	**(0.25)**

₹ crore

Particulars	Kart Racers Limited		My City Technology Limited		Euro hotel SA	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
NCI percentage	**10.10%**	**10.10%**	**37.00%**	**37.00%**	**5.00%**	**5.00%**
Non-current assets	-	-	0.38	0.80	-	-
Current assets	-	-	13.31	14.03	0.12	0.03
Non-current liabilities	-	-	0.00	0.02	-	-
Current liabilities	0.23	0.20	4.92	4.39	9.65	7.16
Net assets	**(0.23)**	**(0.20)**	**8.76**	**10.43**	**(9.53)**	**(7.13)**
Net assets attributable to NCI	**(0.02)**	**(0.02)**	**3.24**	**3.86**	**(0.48)**	**(0.36)**
Revenue	-	0.00	0.46	0.59		-
Profit for the year	(0.03)	(0.03)	(1.66)	(1.96)	(2.08)	(0.09)
Other comprehensive income	-	-	0.00	0.01	-	-
Total comprehensive income	**(0.03)**	**(0.03)**	**(1.66)**	**(1.95)**	**(2.08)**	**(0.09)**
Profit/(Loss) allocated to NCI	(0.00)	(0.00)	(0.62)	(0.72)	(0.10)	(0.00)
Dividend paid to NCI	-	-		-	-	-
OCI allocated to NCI	-	-	0.00	0.00	-	-
Total comprehensive income allocated to NCI	**(0.00)**	**(0.00)**	**(0.62)**	**(0.72)**	**(0.10)**	**(0.00)**
Cash flow from operating activities	-	(0.04)	(0.15)	(0.14)	0.09	(0.03)
Cash flow from investing activities	-	-	0.15	0.10	-	-
Cash flow from financing activities	-	0.04	-	0.01	-	-
Net increase/ (decrease) in cash and cash equivalents	**-**	**(0.00)**	**(0.01)**	**(0.02)**	**0.09**	**(0.03)**

*^ Indicates disclosures that are not required

44.3 Interest in associates and joint venture

₹ crore

	Note	Carrying amount as at 31 March 2018	Carrying amount as at 31 March 2017
Interest in associates	*See (A) below*	30.83	34.13
Interest in joint ventures	*See (B) below*	344.16	384.94
		374.99	419.07

(A) Interest in associates

The Group's associates as at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

₹ crore

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at * 31 March 2018	Carrying amount as at * 31 March 2017	Principal activities
Warasgaon Lake View Hotels Limited	India	24.56	**12.13**	-	Hospitality
Knowledge Vistas Limited	India	49.00	**13.19**	13.45	Education
Evostate AG	Switzerland	30.00	**0.18**	5.87	Real estate development
MCR Managing Corporate Real Estate AG	Switzerland	30.00	**9.49**	9.35	Real estate development
Projektentwicklungsgesellschaft Parking Kunstmuseum Basel AG	Switzerland	39.00	**3.51**	3.48	Real estate development
Highbar Technocrat Limited (w.e.f. 21 July 2016) (previously known as Osprey Hospitality Limited)	India	49.00	**5.52**	1.98	IT services
			44.01	34.13	
less: Impairment provision			(13.19)	-	
Total			**30.83**	34.13	

* Unlisted entity - no quoted price available

Refer Note 44.4 for the summarised financial information for associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil

(B) Interest in joint ventures

The Group's joint ventures as at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

₹ crore

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at * 31 March 2018	Carrying amount as at * 31 March 2017	Principal activities
Green Hills Residences Limited	India	100.00	-	-	Hostel
Whistling Thrush Facilities Services Limited	India	51.00	**-**	-	Facility management services
Starlit Resort Limited	India	26.00	**3.89**	3.93	Hospitality
Ecomotel Hotel Limited	India	40.00	**6.00**	6.23	Hospital health care services
Andromeda Hotels Limited	India	40.03	**2.90**	2.95	Hospitality
Apollo Lavasa Health Corporation Limited	India	49.00	**25.08**	27.68	Hospital health care services
Bona Sera Hotels Limited	India	26.00	-	-	Hospitality
Spotless Laundry Services Limited	India	76.02	-	-	Laundry services
HCC Concessions Limited	India	85.45	**292.81**	315.39	Concessionaries services
Baharampore-Farakka Highways Ltd	India	89.23	**0.45**	1.34	Toll management
Farakka-Raiganj Highways Ltd	India	89.23	**8.92**	22.13	Toll management
Raiganj-Dalkhola Highways Ltd	India	86.91	**4.11**	5.30	Toll management
			344.16	384.94	

* Unlisted entity - no quoted price available

Refer Note 44.5 for the table below provide summarised financial information for joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Though the Group's investment in below mentioned entities exceed 50% of the total share capital, these entities have been classified as joint venture. The management has assessed whether or not the group has control over these entities based on whether the group has practical ability to direct relevant activities unilaterally. In these cases, based on specific shareholders agreement, the management concluded that the group does not have practical ability to direct the relevant activities unilaterally but has such ability along with the other shareholders. The details in respect these entities are as under :

Name of the entity	(%) of share holding as at 31 March 2018
Spotless Laundry Services Limited	76.02
Whistling Thrush Facilities Services Limited	51.00
HCC Concessions Limited	85.45
Baharampore-Farakka Highways Limited	89.23
Farakka-Raiganj Highways Limited	89.23
Raiganj-Dalkhola Highways Limited	86.91

Group share of capital commitment and contingent liability in relation to its interest in associates is as below:	31 March 2018	31 March 2017
Contingent liability		
Claims not acknowledged as debts by the group	2,674.23	1,665.81
Income Tax liability that may arise in respect of which group is in appeals	8.55	3.91
Sales Tax Liability that may arise in respect of which group is in appeals	15.32	28.70
Corporate Guarantee given to Banks	944.23	944.23
Commitments		
Capital Commitment (net of advances)	62.05	998.20

Unrecognized share of losses of Joint Ventures

The Group has not recognised losses in relation to its interests in the following joint ventures as the Group has no obligation in respect of these losses.

₹ crore

Particulars	For the year ended 31 March 2018	As at 31 March 2018	For the year ended 31 March 2017	As at 31 March 2017
Green Hills Residences Limited	*^	*^	(0.41)	(15.92)
Spotless Laundry Services Limited	(6.41)	(16.14)	(3.72)	(9.73)
Bona Sera Hotels Limited	0.08	(0.33)	(0.11)	(0.41)
Whistling Thrush Facilities Services Limited	(0.16)	(0.16)	-	-
	(6.49)	**(16.63)**	**(4.24)**	**(26.05)**

Note: In respect of Green Hills Residencies Limited (GHRL), in earlier years, the cancellation of joint venture agreement by LCL, a subsidiary company, was challenged by the investor and the matter was referred to the arbitration. During the year 2016-17, joint ventures entered into agreement and the disputes were settled amicably. As per the settlement agreement, equity shares held by investor have been transferred to LCL during the current year, which has resulted 100% holding by LCL in GHRL.

During the years ended 31 March 2018 and 31 March 2017, the Group did not receive dividends from any of its joint ventures.

*^ Indicates disclosures that are not required

Note 44.4 Table below provide summarised financial information for associates

₹ crore

Particulars	Warasgaon Lake View Hotels Limited		Highbar Technocrat Limited (Earlier known as Osprey Hospitality Ltd)		Knowledge Vistas Limited	
	31 March 2018*	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-current assets	112.36	112.26	1.09	2.91	**	**
Current assets	1.97	1.85	30.83	13.61	**	**
Non-current liabilities	44.00	44.46	0.51	0.16	**	**
Current liabilities	18.56	26.19	19.25	11.52	**	**
Net assets	**51.77**	**43.47**	**12.16**	4.84	**	**
Revenue	-	-	50.17	25.08	**	**
Other Income	14.37	0.14	0.32	0.07	*^	*^
Construction Cost	-	-	11.43	-	*^	*^
Employee cost	-	-	19.34	9.53	*^	*^
Finance cost	6.05	10.49	0.01		*^	*^
Depreciation	0.01	0.01	0.10	0.30	*^	*^
Other expenses	0.01	0.02	12.26	9.38	*^	*^
Profit/ (loss) for the year	8.30	(10.37)	7.35	5.96	**	**
Tax expenses	-	(0.55)	1.96	1.97	*^	*^
Profit/ (loss) for the year after tax	8.30	(9.82)	5.39	3.99	*^	*^
Other comprehensive income	-	-	(0.03)	(0.04)	**	**
Total comprehensive income	8.30	(9.82)	5.36	3.94	**	**

₹ crore

Particulars	MCR Managing Corporate Real Estate AG		Projektentwicklungsgesellschaft AG		Evostate AG	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-current assets	-	-	-	-	0.69	5.58
Current assets	84.17	92.23	28.32	21.14	0.11	50.75
Non-current liabilities	12.84	13.98	-	5.47	-	-
Current liabilities	39.53	46.91	14.81	6.67	0.05	0.06
Net assets	31.80	31.34	13.51	9.00	0.75	56.28
Revenue	-	50.87	-	-	-	-
Other Income	0.29	-	-	-	-	128.31
Construction Cost	0.15	42.50	1.38	0.16	-	-
Employee cost	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Depreciation	0.05	0.14	0.25	-	0.00	-
Other expenses	0.08	0.52	0.28	0.10	0.09	-
Profit/ (loss) for the year	0.01	7.72	(1.90)	(0.27)	(0.09)	128.31
Tax expenses	(1.25)	(1.81)	-	-	0.01	0.03
Profit/ (loss) for the year after tax	(1.24)	9.53	(1.90)	(0.27)	(0.08)	128.28
Other comprehensive income		-	-	-	-	-
Total comprehensive income	(1.24)	9.53	(1.90)	(0.27)	(0.08)	128.28

* Unaudited
** financials not available

Note 44.5 Table below provide summarised financial information for joint venture

₹ crore

Particulars	Raiganj-Dalkhola Highways Ltd		Baharampore-Farakka Highways Ltd		Farakka-Raiganj Highways Ltd		HCC Concessions Limited	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-Current Assets								
Property, Plant and Equipment	177.58	177.58	952.69	883.27	1,586.96	1,478.06	0.34	0.47
Capital work-in-progress								
Financial Assets	0.06	0.06	4.70	5.05	6.72	7.21	948.95	948.90
Income tax asset (net)	0.43	0.43	2.72	2.58	1.74	1.59	-	-
Deferred tax assets (net)		-					2.55	2.42
Other Non-Current Assets		90.00	5.34	104.48	5.16	39.47	12.28	9.40
Current Assets								
Inventories								
Financial Assets	0.02	0.05	25.19	98.79	34.33	48.03	40.27	47.56
Current tax assets (net)			-		-	-		
Other Current Assets	90.00	0.01	13.10	47.53	2.41	2.09	0.26	1.46
Non-Current Liabilities								
Financial Liabilities	89.11	91.19	657.30	638.28	985.90	942.16	18.79	20.58
Other Non-Current Liabilities		-		-	13.01	17.04		
Provisions		-		90.29	38.10	10.67	0.82	0.59
Current Liabilities								
Financial Liabilities	61.24	47.32	98.51	268.41	404.03	361.16	9.21	13.71
Other Current Liabilities	0.05	0.07	7.26	6.81	3.83	2.15	0.41	0.96
Provisions		-	106.21				1.72	0.95
Total Equity	**117.70**	**129.55**	**134.46**	**137.90**	**192.46**	**243.26**	**973.70**	**973.42**
Revenue	-	15.13	263.62	230.86	313.50	345.98	19.87	25.51
Cost of raw material and components consumed	-	15.13	102.42	94.74	160.06	269.09	-	-
Depreciation and amortization	-	-	33.02	33.05	51.21	23.01	0.13	0.86
Finance Cost	11.47	-	54.55	50.99	89.22	34.83	0.04	0.45
Employee Benefits		-					5.70	7.07
Other Expenses	0.38	0.57	77.07	73.09	63.81	31.36	13.73	16.47
Provision for doubtful debts		-						
Profit before tax	(11.85)	(0.57)	(3.44)	(21.01)	(50.81)	(12.31)	0.27	0.65
Income Tax Expense		-	-	-	-	-	(0.00)	-
Profit for the year (continuing operations)	(11.85)	(0.57)	(3.44)	(21.01)	(50.81)	(12.31)	0.27	0.65
Other Comprehensive Income							0.01	
Total Comprehensive Income for the year (continuing operations)	(11.85)	(0.57)	(3.44)	(21.01)	(50.81)	(12.31)	0.28	0.65

₹ crore

Particulars	Andromeda Hotels Limited		Green Hills Residences Limited		Whistling Thrush Facilities Services Limited		Starlit Resort Limited	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-Current Assets								
Property, Plant and Equipment	4.13	12.70	*	0.00	0.01	0.01	13.75	13.70
Capital work-in-progress	8.59	-	*	-	-	-	0.49	0.49
Financial Assets	0.00	-	*	-	0.00	0.00	0.00	0.00
Income tax asset (net)	-	-	*	-	1.11	-	0.04	0.04
Deferred tax assets (net)	-	-	*	-	-	-	-	-
Other Non-Current Assets	-	-	*	0.00	-	-	-	-
Current Assets	-	-	*	-	-	-	-	-
Inventories	-	-		-	-	-	0.14	0.14
Financial Assets	0.00	0.53	*	0.03	6.11	6.39	1.36	1.70
Current tax assets (net)	-	-		-	-	-	0.62	0.60
Other Current Assets	-	0.00	*	0.00	0.04	1.16	0.07	0.12
Non-Current Liabilities	-	-	*	-	-	-	-	-
Financial Liabilities	0.40	-	*	-	-	-	-	0.01
Other Non-Current Liabilities	4.65	-	*	-	-	-	-	-
Provisions	-	-	*	-	-	-	0.03	0.08
Current Liabilities	-	-	*	-	-	-	-	-
Financial Liabilities	-	5.49	*	27.11	8.78	7.83	1.41	1.52
Other Current Liabilities	0.11	0.11	*	0.00	0.03	0.96	0.00	0.00
Provisions	-	-	*	-	-	-	(0.04)	0.16
Total Equity	**7.57**	**7.64**	*	**(27.08)**	**(1.54)**	**(1.23)**	**15.08**	**15.03**
Revenue	-	-	*	-	0.07	0.01	3.47	3.96
Cost of raw material and components consumed	-	-	*	-	-	-	0.62	0.60
Depreciation and amortization	0.00	0.00	*	0.00	0.00	0.00	-	0.19
Finance Cost	0.06	0.04	*	-	0.22	0.25	0.00	0.00
Employee Benefits	-	-	*	-	0.02	0.19	1.03	0.92
Other Expenses	0.01	0.05	*	0.01	0.12	0.84	1.77	1.80
Provision for doubtful debts	-	-	*	0.68	-	-	-	-
Profit before tax	(0.07)	(0.09)	*	(0.69)	(0.30)	(1.27)	0.05	0.44
Income Tax Expense	-	-	*	-	-	-	-	0.16
Profit for the year (continuing operations)	(0.07)	(0.09)	*	(0.69)	(0.30)	(1.27)	0.05	0.28
Other Comprehensive Income	-	-	*	-	-	-	-	-
Total Comprehensive Income for the year (continuing operations)	(0.07)	(0.09)	*	(0.69)	(0.30)	(1.27)	0.05	0.28

₹ crore

Particulars	**Apollo Lavasa Health Corporation Limited**		**Spotless Laundry Services Limited**		**Ecomotel Hotel Limited**		**Bona Sera Hotels Limited**	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**
Non-Current Assets								
Property, Plant and Equipment	74.51	76.24	7.79	12.68	14.98	16.42	4.47	5.04
Capital work-in-progress	0.91	-	-	-	-	-	-	-
Financial Assets	0.19	0.19	0.65	0.61	0.21	0.01	0.41	0.37
Income tax asset (net)	-	-	0.02	-	0.18	-	-	-
Deferred tax assets (net)	-	-	-	-	-	0.43	2.55	2.71
Other Non-Current Assets	-	-	-	-	0.09	-	-	-
Current Assets	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	0.35	-	0.20	0.19
Financial Assets	0.77	1.09	0.01	0.07	0.89	1.15	6.81	5.16
Current tax assets (net)	0.06	-	-	-	-	-	-	-
Other Current Assets	0.04	0.08	0.06	0.11	0.55	0.85	0.09	0.06
Non-Current Liabilities	-	-	-	-	-	-	-	-
Financial Liabilities	-	-	-	-	-	4.05	0.03	0.06
Other Non-Current Liabilities	-	-	-	-	-	-	-	-
Provisions	-	0.02	-	-	0.07	0.08	0.17	0.14
Current Liabilities	-	-	-	-	-	-	-	-
Financial Liabilities	14.66	13.82	29.33	26.16	9.98	13.31	7.29	7.15
Other Current Liabilities	9.67	7.93	1.35	1.03	0.26	0.14	7.04	6.47
Provisions	0.12	-	-	-	0.05	-	0.01	0.01
Total Equity	**52.04**	**55.82**	**(22.14)**	**(13.71)**	**6.90**	**1.28**	**(0.00)**	**(0.29)**
Revenue	0.59	0.70	0.07	0.05	11.28	11.71	12.03	10.95
Cost of raw material and components consumed	-	0.51	-	-	0.76	0.65	-	-
Depreciation and amortization	0.82	0.96	1.46	1.68	1.59	1.78	0.86	1.06
Finance Cost	1.69	1.52	3.61	3.08	1.99	2.13	0.69	0.98
Employee Benefits	0.58	0.62	-	0.01	3.24	3.24	3.37	3.05
Other Expenses	1.28	1.00	3.43	0.17	6.06	5.32	6.66	6.26
Provision for doubtful debts	-	-	-	-	-	-	-	-
Profit before tax	(3.78)	(3.91)	(8.43)	(4.89)	(2.35)	(1.41)	0.45	(0.42)
Income Tax Expense	-	-	-	-	-	-	0.16	-
Profit for the year (continuing operations)	(3.78)	(3.91)	(8.43)	(4.89)	(2.35)	(1.41)	0.29	(0.42)
Other Comprehensive Income	-	0.01	-	-	0.03	0.02	-	-
Total Comprehensive Income for the year (continuing operations)	(3.78)	(3.90)	(8.43)	(4.89)	(2.32)	(1.39)	0.29	(0.42)

* Indicates disclosures that are not required

Note 45 The Group has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of activities of the parent company, its subsidiaries and joint ventures, the differing risks and returns, the organization structure and internal reporting system. Also, refer note 42(ii) for information on revenue from major customers.

The Group's operations predominantly relate to 'Engineering and Construction', 'Infrastructure', 'Real Estate' and 'Comprehensive Urban Development and Management'. Other business segments contribute less than 10% of the total revenue and have been grouped as 'Others'.

The segment revenue, segment results, segment assets and segment liabilities include respective amounts identifiable to each of the segment and also amounts allocated on a reasonable basis.

Particulars	**Year ended 31 March 2018 ₹ crore**	Year ended 31 March 2017 ₹ crore
Segment revenue		
Engineering and construction	**9,975.88**	9,770.43
Infrastructure	**72.65**	36.40
Real Estate	**1.70**	1.07
Comprehensive urban development and management	**64.94**	102.09
Others	**24.34**	28.42
Less: Inter segment revenue	**(7.05)**	(71.63)
Total	**10,132.46**	9,866.78
Segment profit / (loss) before finance cost and tax		
Engineering and construction	**623.75**	699.04
Infrastructure	**34.41**	8.09
Real Estate	**(13.75)**	(16.25)
Comprehensive urban development and management	**(38.34)**	(71.30)
Others	**(8.76)**	(2.90)
Less: Un-allocable expenditure net of unallocable income	**(1,498.43)**	(1,522.96)
Profit / (loss) before exceptional items and tax	**(901.12)**	(906.28)
Exceptional items		
- Engineering and construction	**-**	(21.22)
- Comprehensive urban development and management	**(160.19)**	-
Profit / (loss) before share of profit/ (loss) of associates and joint ventures and tax	**(1,061.31)**	(927.50)
Segment Assets		
- Engineering and construction	**11,427.10**	11,493.73
- Infrastructure	**25.24**	20.60
- Real Estate	**239.61**	278.06
- Comprehensive urban development and management	**4,727.01**	4,919.70
- Others	**84.56**	102.51
Unallocable assets	**161.40**	281.16
	16,664.92	17,095.76
Segment Liabilities		
- Engineering and construction	**7,294.14**	6,619.37
- Infrastructure	**220.23**	192.39
- Real Estate	**38.08**	474.68
- Comprehensive urban development and management	**1,482.84**	1,054.78
- Others	**42.86**	27.54
Unallocable liabilities	**9,137.84**	9,202.08
	18,215.99	17,570.84

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of customers is shown in the below table:

Revenue from External Customers		
- In India	**4,731.67**	4,358.05
- Outside India	**5,400.79**	5,508.73
	10,132.46	9,866.78
Asset		
- In India	**13,293.24**	13,834.47
- Outside India	**3,371.68**	3,261.29
	16,664.92	17,095.76

Notes 45.1 Segment asset excludes current and non-current investments, deferred tax assets and advance payment of income tax.

Notes 45.2 Segment liabilities excludes borrowings (including current borrowings) and current maturities of long term borrowing, deferred tax liability, accrued interest and non-controlling interests.

Note 46 * represents amount less than ₹ 1 lakh.

Independent Auditor's Review Report on Standalone Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results ('Statement') of Hindustan Construction Company Limited ('the Company') for the quarter ended 30 June 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except Note 4 to the Statement regarding 'total balance value of work on hand as at 30 June 2018' which has been traced from disclosures made by the management and has not been reviewed by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. As stated in Note 5 to the Statement, the Company's non-current investments as at 30 June 2018 include non-current investments aggregating ₹ 630.83 crore in two of its subsidiaries; and non-current loans, other non-current financial assets and other current financial assets as at that date include dues from such subsidiaries aggregating ₹ 618.33 crore, ₹ 9.80 crore and ₹ 1.23 crore, respectively, being considered good and recoverable by the management considering the factors stated in the aforesaid note. However, these subsidiaries have accumulated losses and their consolidated net worth is fully eroded. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their respective business plans. In the absence of approval from the lenders on the resolution plan and sufficient appropriate evidence, we are unable to comment upon the carrying value of these non-current investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying Statement.

4. Based on our review conducted as above, except for the possible effects of the qualification as described in the previous paragraph, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to:

a) Note 6 to the Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 621.88 crore, ₹ 123.29 crore and ₹ 213.71 crore, respectively, as at 30 June 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/discussions/arbitration/litigation. Based on legal opinion/past experience with respect to such claims, the management is of the view that the aforementioned balances are fully recoverable. Our review report is not modified in respect of this matter.

b) Note 7 to the Statement, regarding the Company's non-current investment in a subsidiary company, non-current loans and other non-current financial assets due from such subsidiary aggregating ₹ 2.24 crore, ₹ 1,452.76 crore, ₹ 44.96 crore, respectively, as at 30 June 2018. The consolidated net-worth of the aforesaid subsidiary has been fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable. Our review report is not modified in respect of this matter.

c) Note 8 to the Statement, regarding excess managerial remuneration paid to the Chairman and Managing Director (CMD) amounting to ₹ 8.74 crore and ₹ 9.45 crore for the financial years ended 31 March 2014 and 31 March 2016 respectively, in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956 and Companies Act, 2013, respectively. The Company has filed application seeking approval of the Central Government, as required by the relevant provisions of the Act and rules thereunder, which is yet to be approved. Our review report is not modified in respect of this matter.

6. We did not review the separate financial results of six (6) joint operations, included in the Statement, whose financial results reflect total revenues of ₹ 7.11 crore for the quarter ended 30 June 2018. The Company had prepared separate set of financial results of these joint operations for the quarter ended 30 June 2018 in accordance with accounting principles generally accepted in India and which have been certified by the management. Our conclusion in so far it relates to the amounts and disclosure in respect of these joint operations is solely based on representation made by the management. Our review report is not modified in respect of this matter.

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

Rakesh R. Agarwal
Partner
Membership No. 109632

Place: Mumbai
Date : 8 August 2018

Hindustan Construction Company Limited
Standalone Balance Sheet as at 30 June 2018

	Note No.	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
ASSETS			
Non-current assets			
Property, plant and equipment	3	**568.91**	597.60
Capital work-in-progress	3	**164.22**	160.38
Intangible assets	4	**0.19**	0.34
Financial assets			
Investments	5	**694.39**	703.42
Trade receivables	6	**1,443.76**	1,375.13
Loans	7	**2,198.06**	1,965.62
Other financial assets	8	**112.19**	260.89
Income tax assets (net)	9	**120.48**	79.38
Other non-current assets	10	**122.52**	127.75
Total non-current assets		**5,424.72**	5,270.51
Current assets			
Inventories	11	**175.48**	179.33
Financial assets			
Investments	12	**77.72**	77.72
Trade receivables	6	**2,260.79**	2,397.79
Cash and cash equivalents	13	**155.65**	122.03
Other bank balances	14	**84.85**	75.41
Loans	7	**20.55**	18.67
Other financial assets	8	**2,869.47**	2,872.43
Other current assets	10	**198.85**	212.34
Total current assets		**5,843.36**	5,955.72
TOTAL ASSETS		**11,268.08**	11,226.23
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	**101.55**	101.55
Other equity		**2,648.96**	2,673.39
Total equity		**2,750.51**	2,774.94
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	**2,211.81**	2,283.41
Other financial liabilities	17	**11.25**	12.05
Provisions	18	**42.35**	41.32
Deferred tax liabilities (net)	9	**27.90**	37.48
Total non-current liabilities		**2,293.31**	2,374.26

Hindustan Construction Company Limited
Standalone Balance Sheet as at 30 June 2018

	Note No.	**As at 30 June 2018 ₹ crore**	As at 31 March 2018 ₹ crore
Current liabilities			
Financial liabilities			
Borrowings	19	**1,065.58**	1,027.72
Trade payables	20	**1,762.14**	1,810.14
Other financial liabilities	17	**1,180.42**	1,108.21
Other current liabilities	21	**2,019.12**	1,978.78
Provisions	18	**197.00**	152.18
Total current liabilities		**6,224.26**	6,077.03
TOTAL EQUITY AND LIABILITIES		**11,268.08**	11,226.23

Hindustan Construction Company Limited
Standalone Statement of Profit and Loss for the period ended 30 June 2018

	Note No.	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
Income			
Revenue from operations	22	**933.09**	4,575.08
Other income	23	**68.09**	251.00
Total income		**1,001.18**	4,826.08
Expenses			
Cost of construction materials consumed	24	**214.33**	1,072.66
Purchase of traded goods	-	**-**	-
Subcontracting expenses	-	**379.32**	1,901.25
Construction expenses	25	**96.82**	407.55
Employee benefits expense	26	**100.42**	437.97
Finance costs	27	**161.20**	659.97
Depreciation and amortisation expense	28	**38.83**	122.94
Other expenses	29	**39.07**	111.77
Total expenses		**1,029.99**	4,714.11
Profit before exceptional items and tax		**(28.81)**	111.97
Exceptional items		**-**	-
Profit before tax		**(28.81)**	111.97
Tax expense			
Current income tax	9	**0.49**	20.14
Deferred income tax	9	**(9.58)**	14.30
		(9.09)	34.44
Profit for the year (A)		**(19.72)**	77.53
Other comprehensive income (OCI)			
(a) Items not to be reclassified subsequently to profit or loss (net of tax)			
- Gain on fair value of defined benefit plans as per actuarial valuation		**0.89**	3.57
- Gain/ (loss) on fair value of equity instruments		**(9.23)**	(15.21)
(b) Items to be reclassified subsequently to profit or loss		**-**	**-**
Other comprehensive income/ (loss) for the year, net of tax (B)		**(8.34)**	(11.64)
Total comprehensive income for the year, net of tax (A+B)		**(28.06)**	65.89
Earnings per equity share of nominal value ₹ 1 each			
Basic and diluted (in ₹)	30	**(0.19)**	0.76

Hindustan Construction Company Limited
Standalone Cash Flow Statement for the period ended 30 June 2018

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**(28.81)**	111.97
Adjustments for		
Depreciation and amortisation expense	**38.83**	122.94
Finance costs	**161.20**	659.97
Interest income	**(60.05)**	(246.17)
Trade receivables and unbilled work in progress written off (exceptional item)	**-**	-
Provsion for doubtful advances	**8.49**	-
Share issue expenses	**-**	-
Dividend income	**(0.00)**	(0.03)
Profit on sale of investment	**0.00**	(0.03)
Unrealised foreign exchange loss/ (gain) (net)	**6.61**	10.44
(Gain) / Loss on sale of property, plant and equipment (net)	**(5.90)**	0.57
Excess provision no longer required written back	**-**	(1.72)
	149.18	545.97
Operating profit before working capital changes	**120.37**	657.94
Adjustments for changes in working capital:		
(Increase)/ Decrease in trade receivables	**68.37**	(257.28)
(Increase)/ Decrease in loans and advances / other advances	**1.17**	524.36
(Increase)/ Decrease in inventories	**3.85**	53.98
Increase/ (Decrease) trade and other payables	**(120.33)**	450.30
Increase in provisions	**44.39**	18.42
Increase/ (Decrease) in advance from contractees	**99.11**	(57.03)
	96.56	732.75
Cash generated from operations	**216.93**	1,390.69
Direct taxes paid (net of refunds received)	**(41.59)**	(73.06)
Net cash generated from operating activities	**175.34**	1317.63
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(25.92)**	(12.80)
Proceeds from sale of property, plant and equipment	**10.28**	11.29
Proceeds from sale of long-term investments	**-**	0.03
Advance received against sale of current investments	**2.00**	-
Inter corporate deposits given	**(13.74)**	(21.14)
Inter corporate deposits recovered	**-**	7.10
Net proceeds from/ (investments in) bank deposits (having original maturity of more than three months)	**(9.44)**	(35.85)
Interest received	**0.77**	1.60
Dividend received	**0.00**	0.03
Net cash used in investing activities	**(36.05)**	(49.74)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including securities premium)	**-**	19.80
Proceeds from/ (repayments of) long-term borrowings (net)	**(44.35)**	(550.43)
Repayments of short-term borrowings (net)	**37.91**	(120.88)
Inter-corporate deposits (repaid) / taken	**(0.05)**	0.02
Interest and other finance charges	**(99.17)**	(571.92)
Share issue expenses	**-**	-
Dividend paid	**(0.01)**	(0.16)
Net cash used in financing activities	**(105.67)**	(1,223.57)
Net increase in cash and cash equivalents (A+B+C)	**33.62**	44.32

Hindustan Construction Company Limited
Cash Flow Statement for the year ended 31 March 2018

	Period ended 30 June 2018 ₹ Crore	Year ended 31 March 2018 ₹ Crore
Cash and cash equivalents at the beginning of the year	**122.03**	77.64
Unrealised foreign exchange gain	**-**	0.07
Cash and cash equivalents at the end of the year (Refer note 13)	**155.65**	122.03

Hindustan Construction Company Limited
Standlaone Statement of Changes in Equity as at and for the period ended 30 June 2018

a) Equity share capital

Particulars	Number	₹ crore
Equity shares of ₹ 1 each issued, subscribed and paid		
As at 1 April 2017	**1,01,07,03,635**	**101.07**
Issue of equity shares [Refer note 15(g)]	**47,59,291**	**0.47**
As at 31 March 2018	**1,01,54,62,926**	**101.54**
Issue of equity shares [Refer note 15(g)]	**-**	**-**
As at 30 June 2018	**1,01,54,62,926**	**101.54**

b) Other equity

Particulars	Capital contribution from subsidiary	Reserves and surplus							Other comprehensive income		Total equity attributable to equity holders
		Capital reserve (Forfeited equity share warrants)	Forfeited debentures account	Securities premium reserve	Debenture redemption reserve	Foreign currency monetary translation reserve	General reserve	Retained earnings	Net gain on fair value of defined benefit plans	Net gain/ (loss) on fair value of equity instruments	
As at 1 April 2017	**29.54**	**15.19**	**0.02**	**2,108.65**	**54.99**	**1.37**	**174.38**	**192.29**	**5.51**	**6.96**	**2,588.90**
Profit for the year	-	-	-	-	-	-	-	77.53	-	-	**77.53**
Other comprehensive income for the year	-	-	-	-	-	-	-	-	3.57	(15.21)	**(11.64)**
Issue of share capital [Refer note 15(g)]	-	-	-	19.33	-	-	-	-	-	-	**19.33**
Restatement of foreign currency monetary translation items	-	-	-	-	-	(0.09)	-	-	-	-	**(0.09)**
Amortization of foreign currency monetary translation items	-	-	-	-	-	(0.64)	-	-	-	-	**(0.64)**
As at 31 March 2018	**29.54**	**15.19**	**0.02**	**2,127.98**	**54.99**	**0.64**	**174.38**	**269.82**	**9.08**	**(8.25)**	**2,673.39**
Profit for the year	-	-	-	-	-	-	-	(19.72)	-	-	**(19.72)**
Other comprehensive income for the year	-	-	-	-	-	-	-	-	0.89	(9.23)	**(8.34)**
Issue of share capital [Refer note 15(g)]	-	-	-		-	-	-	-	-	-	**-**
Restatement of foreign currency monetary translation items	-	-	-	-	-	5.05	-	-	-	-	**5.05**
Amortization of foreign currency monetary translation items	-	-	-	-	-	(1.42)	-	-	-	-	**(1.42)**
As at 30 June 2018	**29.54**	**15.19**	**0.02**	**2,127.98**	**54.99**	**4.27**	**174.38**	**250.10**	**9.97**	**(17.48)**	**2,648.96**

Nature and purpose of reserves

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

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

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

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

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

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

vii. Net gain/ (loss) on fair value of equity instruments
The Company has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the OCI reserve within other equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes 1 to 32 form an integral part of the standalone financial statements

This is the statement of changes in equity referred to in our audit report of even date

Note 1 Corporate Information

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

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

Note 2.1 Significant Accounting Policies

i Basis of Preparation

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

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

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

ii Operating cycle for current and non-current classification:

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

iii Accounting Estimates

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

iv Key estimates and assumptions

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

a. Contract estimates

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

b. Recoverability of claims

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

c. Valuation of investment in/ loans to subsidiaries/joint ventures

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

d. Deferred tax assets

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

e. Defined benefit plans

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

v Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

vi Property, Plant and Equipment (Tangible Assets)

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

Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

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

vii Intangible Assets

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

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

viii Depreciation and amortisation

Depreciation and amortisation is provided as follows:

a In respect of buildings and sheds, on the written down value basis considering the useful lives prescribed in Schedule II to the Act.

b In respect of furniture and fixtures, office equipment, computers, plant and equipment, heavy vehicles, light vehicles and speed boat on straight line basis at rates determined on the basis of useful lives prescribed in Schedule II to the Act, on a pro-rata basis. However, certain class of plant and machinery used in construction projects are depreciated on a straight line basis considering the useful life determined based on the technical evaluation and the management's experience of use of the assets, that is a period of two to twelve years, as against the period of nine to twenty years as prescribed in Schedule II to the Act.

c In respect of helicopter and aircraft, on straight line basis considering the useful life, that is a period of eighteen years and fourteen years, respectively, determined based on the technical evaluation and the management's experience of use of the assets, as against the period of twenty years as prescribed in Schedule II to the Act.

d Leasehold improvements are amortised over the useful lives prescribed in Schedule II to the Act or the period of lease, whichever is lower.

e Software and implementation costs including users license fees and other application software costs are amortised on a straight line basis, from the date they are available for use, over their estimated useful lives that is a period of three to five years.

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

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

ix Financial Instruments

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

a Financial Assets

i) Initial Recognition

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

ii) Subsequent Measurement

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

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

- **Financial Assets Measured at Fair Value**
  Financial assets are measured at fair value through Other Comprehensive Income ('OCI') if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

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

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

iii) Impairment of Financial Assets

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

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

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

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

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

iv) De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

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

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

b Equity Instruments and Financial Liabilities

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

i) Equity Instruments

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

ii) Financial Liabilities

- Initial Recognition

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

- Subsequent Measurement

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

- Financial liabilities at FVPL

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

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

- **Financial liabilities at amortised cost**

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

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

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

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

- **De-recognition of Financial Liabilities**

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

c Offsetting Financial Instruments

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

x Employee Benefits

a Defined Contribution Plan

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

b Defined Benefit Plan

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

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

c Leave entitlement and compensated absences

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

d Short-term Benefits

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

xi Inventories

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

xii Cash and Cash Equivalents

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

xiii Segment Reporting

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

xiv Borrowing Costs

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

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

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

a Initial Recognition

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

b Conversion

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

c Treatment of Exchange Difference

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

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

xvi Revenue Recognition

Revenue from operations

a. Revevnue from Construction Contracts

The Company follows the percentage completion method, based on the stage of completion at the Balance Sheet date, taking into account the contractual price and revision thereto by estimating total revenue including claims/variations as per Ind AS 11, Construction Contracts, and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

Revenue is recognised as follows:
- In case of item rate contracts on the basis of physical measurement of work actually completed, at the Balance Sheet date.
- In case of Lump sum contracts, revenue is recognised on the completion of milestones as specified in the contract or as identified by the management. Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.

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

b Accounting of Supply Contracts-Sale of Goods

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

c Accounting for Claims

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

Other Income

a Interest Income

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

b Dividend Income

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

c Other Income

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

xvii Interest in Joint Arrangements

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

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

xviii Income Tax

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

a Current Income Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Deferred Income Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

xix Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

xx Impairment of Non-Financial Assets

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xxi Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

xxii Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

xxiii Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xxiv Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

xxv Share Issue Expenses

Share issue expenses are charged off against available balance in the Securities premium reserve.

xxvi Share Based Payments

Certain employees of the Company are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest using fair value in accordance with Ind-AS 102, Share based payment.

xxvii Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

Note 2.2 Recent accounting pronouncements

1) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

2) Ind AS 115, Revenue from Contract with Customers:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch - up approach)

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information as at and for the period ended 30 June 2018

Note 3 Property, plant and equipment

(₹ crore)

Particulars	Freehold land	Leasehold improvements	Building and sheds	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Helicopter/ Aircraft	Speed boat	Computers	Total
Gross carrying value											
As at 1 April 2017	8.68	-	19.39	637.32	16.34	45.40	3.90	128.74	1.04	3.83	864.64
Additions	-	-	2.97	125.14	0.01	7.90	0.03	-	-	0.69	136.74
Disposals	-	-	(0.24)	(16.81)	-	(0.35)	(0.02)	-	-	(0.03)	(17.45)
Adjustments	-	-	-	0.30	-	-	-	0.23	-	-	0.53
As at 31 March 2018	**8.68**	**-**	**22.12**	**745.95**	**16.35**	**52.95**	**3.91**	**128.97**	**1.04**	**4.49**	**984.46**
Additions				5.41		1.29	0.04	-		0.03	6.77
Disposals				(3.55)				(4.76)			(8.31)
Adjustments				5.14				2.46			7.60
As at 30 June 2018	**8.68**	**-**	**22.12**	**752.95**	**16.35**	**54.24**	**3.95**	**126.67**	**1.04**	**4.52**	**990.52**
Accumulated depreciation											
As at 1 April 2017	-	-	1.90	213.94	6.44	24.15	0.43	20.92	0.22	2.08	270.08
Depreciation charge	-	-	1.93	98.28	2.44	7.12	0.70	10.57	0.10	1.23	122.37
Accumulated depreciation on disposals	-	-	(0.03)	(5.40)	-	(0.16)	(0.00)	-	-	(0.00)	(5.59)
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2018	**-**	**-**	**3.80**	**306.82**	**8.88**	**31.11**	**1.13**	**31.49**	**0.32**	**3.31**	**386.86**
Depreciation charge			0.51	33.19	0.61	1.34	0.17	2.69	0.03	0.14	38.68
Accumulated depreciation on disposals				(2.08)				(1.85)			(3.93)
As at 30 June 2018	**-**	**-**	**4.31**	**337.93**	**9.49**	**32.45**	**1.30**	**32.33**	**0.35**	**3.45**	**421.61**
Net carrying value											
As at 31 March 2018	8.68	-	18.32	439.13	7.47	21.84	2.78	97.48	0.72	1.18	597.60
As at 30 June 2018	**8.68**	**-**	**17.81**	**415.02**	**6.86**	**21.79**	**2.65**	**94.34**	**0.69**	**1.07**	**568.91**

Net carrying value	**30 June 2018**	31 March 2018
Property, plant and equipment	**568.91**	597.60
Capital work-in-progress	**164.22**	160.38

Note 4 Intangible assets

(₹ crore)

Particulars	Computer software	Total
Gross carrying value		
As at 1 April 2017	2.65	2.65
Additions	-	-
Disposals	-	-
As at 31 March 2018	**2.65**	**2.65**
Additions	-	-
Disposals	-	-
As at 30 June 2018	**2.65**	**2.65**
Accumulated amortisation		
As at 1 April 2017	1.74	1.74
Amortisation charge	0.57	0.57
As at 31 March 2018	**2.31**	**2.31**
Amortisation charge	0.15	0.15
As at 30 June 2018	**2.46**	**2.46**
Net carrying value		
As at 31 March 2018	0.34	0.34
As at 30 June 2018	**0.19**	**0.19**

Net carrying value	**30 June 2018**	31 March 2018
Intangible assets	**0.19**	0.34

	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
Note 5 Non-current investments		
I. Investments valued at deemed cost, fully paid up		
Investments in equity shares		
i) In subsidiary companies in India	**644.95**	644.75
ii) In subsidiary companies outside India	**34.55**	34.55
iii) In other companies	**-**	- *
II. Investments valued at amortised cost		
Investment in preference shares		
- In a subsidiary company In India	**0.00 ***	0.00 *
III. Investments in equity shares in others carried at fair value through OCI, fully paid up	**14.89**	24.12
	694.39	703.42

Note 5.1 Detailed list of non-current investments

	As at 30 June 2018 Unquoted ₹ crore	As at 30 June 2018 Quoted ₹ crore	As at 31 March 2018 Unquoted ₹ crore	As at 31 March 2018 Quoted ₹ crore
I. Investments valued at deemed cost, fully paid up				
a) Investments in equity shares:				
i) In subsidiary companies in India				
- HCC Real Estate Limited [Refer note 33 (a)] 66,193,185 (31 March 2018: 66,193,185) equity shares of ₹ 10 each	**612.40**	**-**	612.40	-
- Lavasa Corporation Limited [Refer note 33 (c)] 2,387 (31 March 2018: 2,387) equity shares of ₹ 10 each	**18.43**	**-**	18.43	-
- Highbar Technologies Limited (Refer note 5.2 and 5.3) 6,250,000 (31 March 2018: 6,250,000) equity shares of ₹ 10 each	**6.25**	**-**	6.25	-
- Western Securities Limited 1,957,500 (31 March 2018: 1,957,500) equity shares of ₹ 10 each	**5.38**	**-**	5.38	-
- HCC Infrastructure Company Limited [Refer note 33 (b)] 250,000 (31 March 2018: 250,000) equity shares of ₹ 10 each	**2.24**	**-**	2.24	-
- HCC Construction Limited 50,000 (31 March 2018: 50,000) equity shares of ₹ 10 each	**0.05**	**-**	0.05	-
- MAAN Township Developers Ltd. 100,000 (31 March 2018: Nil) equity shares of ₹ 10 each	**0.10**	**-**	-	-
- HRL Township Developers Ltd. 100,000 (31 March 2018: Nil) equity shares of ₹ 10 each	**0.10**	**-**	-	-
	644.95	**-**	644.75	-
ii) In subsidiary companies outside India				
- HCC Mauritius Enterprises Limited (Refer note 5.2) 5,005,000 (31 March 2018: 5,005,000) equity shares of USD 1 each	**23.38**	**-**	23.38	-
- HCC Mauritius Investments Limited (Refer note 5.2) 1,000,000 (31 March 2018: 1,000,000) equity shares of USD 1 each	**11.17**	**-**	11.17	-
	34.55	**-**	34.55	-
iii) In other companies				
- Vikhroli Corporate Park Private Limited (VCPPL) Nil (31 March 2018: 260) equity shares of ₹ 10 each	**-**	**-**	-	-
II. Investments carried at amortised cost				
a) Investment in preference shares				
In a subsidiary company in India				
- Lavasa Corporation Limited [Refer note 33(a)] 28 (31 March 2018: 28) 6% Cumulative Redeemable Preference Shares of ₹ 10 each	**0.00 ***	-	0.00 *	-
III. Investments in equity shares in others carried at fair value through OCI, fully paid up				
- Housing Development Finance Corporation Limited 15,220 (31 March 2018: 15,220) equity shares of ₹ 2 each	**-**	**2.90**	-	2.78
- HDFC Bank Limited 2,500 (31 March 2018: 2,500) equity shares of ₹ 10 each	**-**	**0.53**	-	0.47
- Khandwala Securities Limited 3,332 (31 March 2018: 3,332) equity shares of ₹ 10 each	**-**	**0.01**	-	0.01
- Walchand Co-op. Housing Society Limited 5 (31 March 2018: 5) equity shares of ₹ 50 each	**0.00 ***	**-**	0.00 *	-
- Shushrusha Citizens Co-Op. Hospitals Limited 100 (31 March 2018: 100) equity shares of ₹ 100 each	**0.00 ***	**-**	0.00 *	-
- Hincon Finance Limited 120,000 (31 March 2018: 120,000) equity shares of ₹ 10 each	**11.45**	**-**	20.86	-
	11.45	**3.44**	20.86	3.26
Total non-current investments	**690.95**	**3.44**	700.16	3.26
		694.39		703.42
Details:				
Aggregate of non-current investments:				
(i) Book value of investments	**690.95**	**3.44**	700.16	3.26
(ii) Market value of investments	**-**	**3.44**	-	3.26
(i) Investments carried at cost	**679.50**	**-**	679.30	-
(ii) Investments carried at amortised cost	**0.00** *	**-**	0.00 *	-
(iii) Investments carried at fair value through OCI	**11.45**	**3.44**	20.86	3.26
	690.95	**3.44**	700.16	3.26

	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
Note 6 Trade receivables		
Unsecured, considered good		
Non-current		
Trade receivables (Refer notes 6.1 and 34) ^ [Including retention ₹ 0.79 crore (31 March 2018: ₹ 0.79 crore)]	**1,443.76**	1,375.13
Total non-current trade receivables	**1,443.76**	1,375.13
Current		
a) Trade receivables (Refer note __)^^ [including retention of ₹ 539.90 crore (31 March 2018: ₹ 420.25 crore)]	**1,920.06**	2,113.02
b) Receivables from related parties ^^^ (Refer note __) [including retention of ₹ 30.44 crore (31 March 2018: ₹ 13.76 crore)]	**340.73**	284.77
Total current trade receivables	**2,260.79**	2,397.79
Total trade receivables	**3,704.55**	3,772.92

^ Net off advance received against work bill / claims ₹ 207.03 crore (31 March 2018: ₹ 200.02 crore)
^^ Net off advance received against work bill ₹ 1,716.77 crore (31 March 2018: ₹ 1,509.30 crore)
^^^ Net off advance received against work bill ₹ 176.32 crore (31 March 2018: ₹ 439.85 crore)

	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
Note 7 Loans		
Unsecured, considered good		
Non-current		
a) Loans to subsidiaries (Refer notes 33 and 39)	**2,195.53**	1,962.01
b) Security and other deposits		
- related parties (Refer note 39)	**0.50**	0.50
- others	**2.03**	3.11
Total non-current loans	**2,198.06**	1,965.62
Current		
Security and other deposits	**20.55**	18.67
Total current loans	**20.55**	18.67
Total loans	**2,218.61**	1,984.29

Note 7.1 Disclosure pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of loans and advances in the nature of loans
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 the year	
	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore	**Period ended 30 June 2018 ₹ crore**	Year ended 31 March 2018 ₹ crore
i) HCC Infrastructure Company Limited [Refer note 33 (b)]	**1,452.76**	1,281.40		1,281.40
ii) HCC Real Estate Limited (HREL) ^ [Refer note 33 (a)]	**440.07**	428.19		428.19
iii) Lavasa Corporation Limited [Refer note 33 (a)]	**178.26**	152.56		152.56
iv) HCC Mauritius Enterprise Limited ^^	**102.52**	97.47		97.47
v) Highbar Technologies Limited	**2.39**	2.39		2.39
vi) HRL Township Developers Ltd.	**0.41**	-		-
vi) Maan Township Developers Ltd.	**19.12**	-		
Total	**2,195.53**	1,962.01	**-**	1,962.01

^ The Company has given a contractual interest free loan amounting to ₹ 294.27 crore (31 March 2018: ₹ 294.27 crore) to HREL
^^ The Company has given a contractual loan bearing an interest rate of "3 months LIBOR +3%" and "6 months LIBOR +4%"

Note 8 Other financial assets

	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
Non-current		
a) Receivables from related parties		
- interest (Refer notes ___)	**54.76**	201.60
- against sale of assets (Refer note __)	**54.97**	56.83
b) Margin money deposits	**2.46**	2.46
Total non-current financial assets	**112.19**	260.89
Current		
a) Unbilled work-in-progress ^ (Refer note __)	**2,814.51**	2,820.96
b) Receivables from related parties ^^ (Refer note ___)	**40.26**	46.91
c) Interest accrued on deposits/ advances	**4.51**	3.98
d) Others	**10.19**	0.58
Total current financial assets	**2,869.47**	2,872.43
Total other financial assets	**2,981.66**	3,133.32

^ Net off advance received against work bill ₹ 238.17 crore (31 March 2018: ₹ 199.23 crore)
^^ Net of provision for doubtful advances ₹ 8.49 crore (31 March 2018: Nil)

Note 9 Income tax assets (net)

i. The following table provides the details of income tax assets and liabilities as at 31 March 2018 and 31 March 2017:

a) Income tax assets	**319.15**	277.67
b) Current income tax liabilities	**198.67**	198.29
Net balance	**120.48**	79.38

ii. The gross movement in the current tax asset/ (liability) for the period ended 30 June 2018 and for the year ended 31 March 2018 is as follows:

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
Net current income tax asset at the beginning	**79.38**	26.46
Income tax paid	**41.59**	73.06
Current income tax expense	**(0.49)**	(20.14)
Net current income tax asset at the end	**120.48**	79.38

iii. Income tax expense in the Statement of Profit and Loss comprises:

Current income taxes	**0.49**	20.14
Deferred income taxes ^	**(9.58)**	14.30
Income tax expenses (net)	**(9.09)**	34.44

^ Deferred income taxes for the years ended 30 June 2018 and for the year ended 31 March 2018 relates to origination and reversal of temporary differences and is net of MAT credit entitlement of ₹ Nil (31 March 2018: ₹ 19.99 crore)

iv. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is as below:

	Year ended 31 March 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
Profit before income tax	**(28.81)**	111.97
Applicable income tax rate	**34.94%**	34.61%
Computed expected tax expense	**(10.07)**	38.75
Tax expense/ (income) of jointly controlled operations	**0.03**	0.15
Effect of expenses not allowed for tax purpose	**5.45**	7.84
Effect of income not considered for tax purpose	**(6.09)**	(12.55)
Others	**1.59**	0.25
Income tax expense charged to the Statement of Profit and Loss	**(9.09)**	34.44

v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:

	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
(a) Deferred income tax liability		
- Claims/arbitration awards	**1,565.41**	1,554.34
- Timing difference on tangible and intangible assets depreciation and amortisation	**56.47**	61.83
- Others	**6.46**	7.44
	1,628.34	1,623.61
(b) Deferred income tax asset		
- Business loss/ unabsorbed depreciation	**(1,408.12)**	(1,394.56)
- MAT credit entitlement	**(146.50)**	(146.50)
- Others	**(45.82)**	(45.07)
	(1,600.44)	(1,586.13)
Total deferred tax liabilities (net)	**27.90**	37.48

Note 10 Other assets

Non-current		
a) Capital advances	**1.89**	4.74
b) Balances with government authorities	**110.03**	111.35
c) Prepaid expenses	**0.33**	0.25
d) Financial guarantees	**10.27**	11.41
Total other non-current assets	**122.52**	127.75
Current		
a) Advance to suppliers and sub-contractors	**93.78**	89.80
b) Balances with government authorities	**87.79**	99.89
c) Prepaid expenses	**7.67**	13.81
d) Financial guarantees	**4.55**	4.55
e) Other current assets	**5.06**	4.29
Total other current assets	**198.85**	212.34
Total other assets	**321.37**	340.09

Note 11 Inventories

a) Construction materials, stores, spares and embedded goods	**171.57**	175.41
b) Fuel	**3.89**	3.92
c) Materials in transit	**0.02**	-
Total inventories	**175.48**	179.33

Note 12 Current investments

Investments in unquoted equity shares valued at deemed cost, fully paid up		
a) In a subsidiary company in India	**50.02**	50.02
b) In joint ventures in India	**27.70**	27.70
Total current investments	**77.72**	77.72

Note 12.1 Detailed list of current investments

Investments in unquoted equity shares valued at deemed cost, fully paid up		
a) In a subsidiary company in India		
- Panchkutir Developers Limited (Refer note 12.3) 1,400,000 (31 March 2018: 1,400,000) equity shares of ₹ 10 each	**50.02**	50.02
b) In joint ventures in India		
- Raiganj Dalkhola Highways Limited (Refer note 12.2 and 12.4) 3,000,000 (31 March 2018: 3,000,000) equity shares of ₹ 10 each	**3.00**	3.00
- Baharampore Farakka Highways Limited (Refer note 12.2 and 12.4) 11,700,000 (31 March 2018: 11,700,000) equity shares of ₹ 10 each	**11.70**	11.70
- Farakka Raiganj Highways Limited (Refer note 12.2 and 12.4) 13,000,000 (31 March 2018: 13,000,000) equity shares of ₹ 10 each	**13.00**	13.00
- Dhule Palesner Tollways Limited 100 (31 March 2018: 100) equity shares of ₹ 10 each fully paid	**0.00** *	0.00 *
Total current investments	**77.72**	77.72

Note 12.2 The Company has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by joint ventures as indicated below:

Name of the Company	No. of equity shares pledged	
	As at 30 June 2018	As at 31 March 2018
	₹ crore	₹ crore
Raiganj Dalkhola Highways Limited	**5,10,000**	5,10,000
Baharampore Farakka Highways Limited	**5,10,000**	5,10,000
Farakka Raiganj Highways Limited	**5,10,000**	5,10,000

Note 12.3 The Company has received ₹ 12 crore (31 March 2018: ₹ 10 crore) as advance towards sale of investment in Panchkutir Developers Limited

Note 12.4 Pursuant to Shareholders Agreement (SHA) executed on 9 August 2011, the Company is required to hold 100% equity stake in HCC Infrastructure Company Limited (HIL) until Private Equity Investor gets an exit from HCC Concessions Limited (HCL) through means as specified in the SHA and there are certain other customary restrictions on pledging / creation of any encumbrance over shares / assets of HIL/ BOT SPVs.

The Company has given inter alia an undertaking in respect of investment in Baharampore - Farakka Highways Limited, Farakka - Raiganj Highways Limited., Dhule Palesner Tollways Limited and Raiganj - Dalkhola Highways Limited to National Highways Authority of India (NHAI) that it will not transfer its shareholding till the commercial operation date. The Company has entered into sale agreement with HCL to sell these shares at book value at future dates on fulfilment of that obligation as per undertaking given to NHAI. The Company has received full consideration of ₹ 27.70 crore (31 March 2018: ₹ 27.70 crore) for transfer of the above shares at book value from HCL, subject to necessary approvals and consents to the extent required in the following BOT SPV's.

	As at 30 June 2018		As at 31 March 2018	
Name of the BOT SPV	**₹ crore**	**No. of shares**	₹ crore	No. of shares
Baharampore Farakka Highways Limited	**11.70**	**1,17,00,000**	11.70	1,17,00,000
Farakka Raiganj Highways Limited	**13.00**	**1,30,00,000**	13.00	1,30,00,000
Raiganj Dalkhola Highways Limited	**3.00**	**30,00,000**	3.00	30,00,000
Dhule Palesner Tollways Limited	**0.00***	**100**	0.00*	100
Total	**27.70**	**2,77,00,100**	27.70	2,77,00,100

	As at 30 June 2018	As at 31 March 2018
	₹ crore	₹ crore
Note 13 Cash and cash equivalents		
a) Balances with banks		
- Current accounts in Indian rupees	**154.24**	62.39
- Current accounts in foreign currency	**0.40**	0.92
b) Cash on hand	**1.01**	0.62
c) Cheques on hand	**-**	58.10
Total cash and cash equivalents	**155.65**	122.03
Note 14 Other bank balances		
a) Deposits with maturity of more than 3 months and less than 12 months	**14.19**	14.19
b) Earmarked balances with banks for:		
- Margin money deposits with original maturity of more than 3 months and remaining maturities of less than 12 months^	**70.42**	60.97
- Balances with bank for unpaid dividend ^^	**0.24**	0.25
Total other bank balances	**84.85**	75.41

^ Includes deposits of ₹ 6.43 crore earmarked against Debenture Redemption Reserve

^^ There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 30 June 2018.

Note 15 Equity share capital

		As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
Authorised share capital			
1,25,00,00,000	Equity shares of ₹ 1 each (31 March 2017: 1,250,000,000 equity shares of ₹ 1 each)	**125.00**	125.00
1,00,00,000	Redeemable cumulative preference shares of ₹ 10 each (31 March 2017: 10,000,000 preference shares of ₹ 10 each)	**10.00**	10.00
Total authorised equity share capital		**135.00**	135.00
Issued, subscribed and paid-up equity share capital:			
1,01,54,62,926	Equity shares of ₹ 1 each fully paid up (31 March 2017: 1,010,703,635 equity shares of ₹ 1 each)	**101.54**	101.54
	Add : 13,225 Forfeited equity shares (31 March 2017: 13,225 equity shares)	**0.01**	0.01
Total issued, subscribed and paid-up equity share capital		**101.55**	101.55

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	₹ crore
As at 1 April 2017	**1,01,07,03,635**	**101.07**
Issued during the year [Refer note 15(g) and 16.1]	47,59,291	0.47
As at 31 March 2018	**1,01,54,62,926**	**101.54**
Issued during the year [Refer note _____]	-	-
As at 30 June 2018	**1,01,54,62,926**	**101.54**

b. Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by subsidiary company:

Western Securities Limited, a subsidiary company, holds 52,000 equity shares (31 March 2017: 52,000 equity shares) in the Company.

d. Shareholding of more than 5%:

	As at 30 June 2018		As at 31 March 2018	
Name of the Shareholder	**% held**	**No. of shares**	% held	No. of shares
Promoter				
Hincon Holdings Limited	**21.27%**	**21,60,23,600**	21.27%	21,60,23,600
Hincon Finance Limited	**6.13%**	**6,22,61,186**	6.13%	6,22,61,186
Non-promoter				
HDFC Trustee Company Limited	**6.87%**	**6,97,32,622**	6.87%	6,97,32,622

e. Shares reserved for issue under Employee Stock Options Scheme (ESOP):

As at 30 June 2018, there are 300,000 (31 March 2018: 300,000) stock options granted during the year which are outstanding and convertible into equal number of equity shares of ₹ 1 each convertible at an exercise price of ₹ 31.15 per share [Refer note e(i)(c) below].

During the period ended 30 June 2018, none of the options were exercised / converted into equity shares and Nil (31 March 2018: 120,180) stock options got lapsed.

i. Options granted

a) The Company offered 4,458,800 Stock Options on 25 April 2008 (each option carrying entitlement for one equity share of the face value of` ₹ 1 each) at a price of ₹132.50 per equity share.

In accordance with the approval of the board of directors and shareholders of the Company, the ESOP Compensation Committee at its meeting held on 20 July 2009 repriced 4,131,600 options at ₹ 104.05 per equity share.

b) The ESOP Compensation Committee of the Company at its Meeting held on 12 August 2010 decided to double the number of employee stock options (vested and unvested), not exercised and in-force, as on the Record Date i.e. 11 August 2010 and halved the exercise price on account of issuance and allotment of Bonus Equity Shares in the proportion of 1:1.

Accordingly, 3,553,760 employee stock options in-force granted by the Company on 25 April 2008 were doubled i.e. 7,107,520 and the exercise price in respect of the same was reduced from ₹104.05 to ₹ 52.03 per equity share and none of the options are outstanding as at 31 March 2018.

c) The ESOP Compensation Committee of the Company at its Meeting held on 20 March 2018 has approved a grant of 300,000 options, in accordance with the terms and conditions contained in the existing HCC Employee Stock Option Scheme of the Company (`Scheme') (each option carrying entitlement for one equity share of the face value of ₹ 1 each) at an exercise price of ₹ 31.15 per equity share, subject to approval of the shareholders for amendment of the existing Scheme, in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").

ii. Settlement Through Equity Shares

iii. Options vested Nil options (31 March 2017: Nil) remain vested and outstanding as at 30 June 2018

f. Bonus shares/ buy back/shares for consideration other than cash issued during past five years:

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil

(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

(iii) Aggregate number and class of shares bought back - Nil

g. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting held on 5 January 2017, the allotment committee of the Board of Directors at its meetings held on 6 January 2017 and 19 January 2017 alloted collectively to the lenders 231,544,729 equity shares of face value of ₹ 1 each at a premium of ₹ 33.92 per share aggregating ₹ 808.55 crore and 14,414,874 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,441.49 crore. Further, pursuant to the approval of the shareholders at the Annual General Meeting held on 6 July 2017, the allotment committee of the Board of Directors at its meeting held on 17 July 2017 allotted to a lender 4,759,291 equity shares of face value of ₹ 1 each at a premium of ₹ 40.61 per share aggregating ₹ 19.80 crore and 256,716 OCDs of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 25.67 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme). The implementation of the S4A Scheme and the consequent allotment of equity shares/ OCDs have been made in respect of all the lenders except for few lenders who will be alloted equity shares and OCDs once they exercise their option. Number of equity shares/OCDs to be alloted will be determined based on the share price prevailing at the time of such allotment. (Also refer Note 16.1)

Note 16 Borrowings	Effective interest rate	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
Non-current portion:			
Secured			
(A) Non-Convertible Debentures (RTL-1)	**10.13% - 15.73%**	**73.90**	67.37
(B) Rupee Term Loans (RTL-A)			
(i) From Banks	**11.75% - 12.00%**	**81.09**	83.97
(ii) From Others	**11.75%**	**44.59**	47.12
(C) Rupee Term Loans (RTL-1)			
(i) From Banks	**9.80% - 14.16%**	**124.69**	135.22
(ii) From Others	**9.76% - 9.90%**	**121.59**	138.01
(D) Rupee Term Loans (RTL-2)			
(i) From Banks	**9.84% - 13.62%**	**322.79**	359.62
(ii) From Others	**9.86% - 9.95%**	**81.03**	90.09
(E) Working Capital Term Loan from Banks (WCTL-1)	**11.10%**	**0.00**	0.00
(E) Working Capital Term Loan from Banks (WCTL-2)			
(i) From Bank	**11.10%**	**7.87**	6.49
(ii) From Others	**11.10%**	**11.06**	12.32
(F) Foreign Currency Term Loans from Banks	**3.51% - 6.16%**	**6.42**	6.42
(G) 0.01% Optionally Convertible Debentures (OCDs) [Refer note 15 (g)]	**11.50%**		
(i) From Banks		**1,090.66**	1,090.66
(ii) From Others		**246.12**	246.12
Total non-current borrowings (A+B+C+D+E+F+G)		**2,211.81**	2,283.41
Current maturities of long-term borrowings			
Secured			
(A) Non-Convertible Debentures (RTL-1)	**10.13% - 15.73%**	**45.81**	42.87
(B) Rupee Term Loans (RTL-A)			
(i) From Bank	**11.75% - 12.00%**	**7.58**	8.13
(ii) From Others	**11.75%**	**6.57**	5.07
(C) Rupee Term Loans (RTL-1)			
(i) From Banks	**9.80% - 14.16%**	**41.16**	38.06
(ii) From Others	**9.76% - 9.90%**	**43.68**	40.42
(D) Rupee Term Loans (RTL-2)			
(i) From Banks	**9.84% - 13.62%**	**111.94**	101.51
(ii) From Others	**9.86% - 9.95%**	**29.68**	27.80
(E) Working Capital Term Loan from Banks (WCTL-1)	**11.10%**	**-**	-
(F) Working Capital Term Loan from Banks (WCTL-2)			
(i) From Bank	**11.10%**	**-**	1.26
(ii) From Others	**11.10%**	**4.41**	4.20
(G) Foreign Currency Term Loans from Banks	**3.51% - 6.16%**	**150.69**	144.95
Total current maturities of long-term borrowings (A+B+C+D+E+F+G) (Refer note 17)		**441.52**	414.27
Total borrowings		**2,653.33**	2,697.68

Note: For security details and terms of repayment, refer note 16.2 below.

Note 16.1

Restructuring of borrowings under Corporate Debt Restructuring Scheme (CDR Scheme) and Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme):

The Company received Letter of Approval (LOA) on 29 June 2012 issued by the Corporate Debt Restructuring Empowered Group (CDREG) approving the CDR Scheme. The CDR related documents had been executed and creation of security was completed. During the previous year, the Company has implemented the S4A Scheme. The Joint Lender's Forum (JLF) adopted the S4A Scheme with reference date as 12 July 2016. The S4A Scheme was duly approved by the Reserve Bank of India's mandated Overseeing Committee (OC) on 4 November 2016. Under the S4A Scheme, the Company's total debts amounting to ₹ 5,107 crores as at 1 October 2016 have been bifurcated into sustainable debt, to be serviced as per existing terms and conditions of those debts, and remainder debts (to the extent of 47.5% of the fund based exposure of the Company) have been converted into fully paid up equity shares in favour of the lenders by following principle of proportionate loss and balance in OCDs collectively in favour of the lenders. [Also refer note 15 (g)]

16.2 Details of security and terms of repayment

I. Secured
(A) Non-convertible debentures

i) Axis
These debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. These are secured by way of registered mortgage over 231.66 acres of Lavasa land situated in 5 villages namely Village Admal, Bhode, Gadle, Padalghar and Ugavali in taluka Mulshi, District Pune, Maharashtra.

ii) LIC
These debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

(B) Rupee Term Loans (RTL-A)
RTL-A carries interest rate of 11.75% p.a. (Individual Bank's Base Rate + Applicable Spread), payable monthly, to be reset annually with a two years moratorium and repayment terms of five years starting from financial year 2017-18. The said facility is having same security as RTL-1 lenders under the CDR Scheme.

(C) Rupee Term Loans 1 (RTL-1) and Rupee Term Loans 2 (RTL-2)
RTL - 1 and RTL - 2 carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

(D) Working Capital Term Loan (WCTL-1)
Working Capital Term Loan (WCTL -1) carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 16 quarterly instalments commencing 15 April 2014 and ending on 15 January 2018. Refer note 16.2.1 for security details.

(E) Working Capital Term Loan (WCTL-2)
Working Capital Term Loan (WCTL-2) carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

(F) Foreign Currency Term Loan from banks
(i) Standard Chartered Bank - External Commercial Borrowings (ECB) USD 13.36 million
As at 31 March 2018, the ECB loan from Standard Chartered Bank carries an interest rate of 5.81% p.a. (3 month LIBOR plus 350 basis points). This loan is repayable in 17 quarterly instalments commencing 15 April 2014 and ending on 15 March 2018. The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation executed on 10 November 2009.

(ii) Development Bank of Singapore - ECB USD 10.18 million
As at 31 March 2018, the ECB loan from Development Bank of Singapore carries an interest rate of 6.16% p.a. (3 month LIBOR plus 385 basis points). This loan is repayable in 17 quarterly instalments commencing 5 October 2014 and ending on 5 October 2018. The facility is secured by first charge by way of hypothecation of plant and machinery and heavy vehicles acquired under the facility described in the schedule I (2) to the deed of hypothecation executed on 29 April 2010.

(iii) Export Import Bank of United States - ECB USD 9.36 million
As at 31 March 2018, the ECB loan from Export Import Bank of United Sates carries an interest rate of 3.51% (3 month LIBOR plus 120 basis points). This loan is repayable in 35 equal quarterly instalments commencing 16 March 2011 and ending on 16 September 2019. The facility is secured by first priority mortgage and security interest to and in favour of Wilmington Trust Company (the security trustee) on one Hawker model 4000 airframe bearing manufacture's serial number RC-26 together with two installed model PW208 engines more particularly described under Clause 2.1 as per the Aircraft Charge Agreement executed on 6 January 2011.

(G) Optionally Convertible Debentures (OCDs)
OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the date of issuance, the OCDs will be converted into non-convertible debentures in case of non occurrence of event of default as per the guidelines of the S4A Scheme. The repayment of the OCD commences from the 6th anniversary of the allotment date. Details of maturity have been provided below. Also refer note 16.2.2 for security details.

Date of Repayment	₹ in crores
30 September 2022	285.51
30 September 2023	282.41
30 September 2024	263.91
30 September 2025	254.90
30 September 2026	250.05

Note 16.2.1 RTL-1, RTL-2, WCTL-1 and WCTL-2 are secured in the form of:
1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to RTL1, WCTL1 and RTL-A are as below:
1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

The above security having ranking in respect to RTL2 and WCTL2 are as below:
A second ranking and pari passu security interest by way of legal mortgage over all the Mortgaged Properties.

Note 16.2.2 Optionally Convertible Debentures (OCDs) are secured in the form of:
1. First ranking pari passu charge on all of the Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and

2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed.
The security creation would be done as per stipulated time frame.

Collateral security pari-passu with all S4A lenders:
1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ _______ crore (31 March 2018: ₹ 7,616.59 crore).

2. First par-passu charge on Pledge of 85,767,617 equity shares of the Company and second charge on 154,151,669 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company

Note 16.3 Master Restructuring Agreement (MRA) as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, provide a right to the CDR lenders to get a recompense of their waiver and sacrifices made as part of the CDR proposal. The recompense payable by the Company depends on various factors including improved performance of the Company and other conditions. In view of subsequent implementation of S4A scheme, wherein total debts of the Company as of 1 October 2016 have been bifurcated into sustainable debt, to be serviced as per existing terms and conditions of those debts, and remainder converted into fully paid up equity shares and OCDs, the aggregate present value of the recompense amount payable to erstwhile CDR lenders as per the MRA is likely to undergo major changes and would be ascertained post completion of discussions with the Monitoring Institution.

	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
Note 17 Other financial liabilities		
Non-current		
Financial guarantees	**11.25**	12.05
Total non-current financial liabilities	**11.25**	12.05
Current		
a) Current maturities of long-term borrowings (Refer note 16)	**441.52**	414.27
b) Interest accrued but not due	**329.89**	287.01
c) Interest accrued and due	**18.23**	6.17
d) Unpaid dividends ^	**0.24**	0.25
e) Advance towards sale of investments (Refer notes 12.3 and 12.4)	**39.70**	37.70
f) Financial guarantees	**3.18**	3.18
g) Others		
i) Due to employees	**104.64**	112.19
ii) Interest payable on contractee advances	**100.10**	93.01
iii) Due to related parties (Refer note 39)	**1.67**	1.54
iv) Liability for capital goods	**95.73**	106.29
v) Other liabilities	**45.52**	46.60
Total current financial liabilities	**1,180.42**	1,108.21
Total other financial liabilities	**1,191.67**	1,120.26

^ Not due for credit to Investor Education and Protection Fund

Other financial liabilities carried at amortised cost	**1,151.97**	1,082.56
Other financial liabilities carried at FVPL	**39.70**	37.70

Note 18 Provisions

Non-current		
Provision for employee benefits (Refer note ____)		
- Gratuity	**27.74**	27.06
- Leave entitlement and compensated absences	**14.61**	14.26
Total non-current provisions	**42.35**	41.32
Current		
a) Provision for employee benefits (Refer note 37)		
- Gratuity	**8.37**	8.14
- Leave entitlement and compensated absences	**2.95**	2.75
b) Provision for cost to completion (Refer note 18.1) (includes provision for foreseeable losses ₹ 17.44 crore (31 March 18 : ₹ 20.48 crore)	**185.68**	141.29
Total current provisions	**197.00**	152.18
Total provisions	**239.35**	193.50

Note 18.1 The Company has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

Note 19 Current borrowings

I. Secured		
Rupee Loan from Banks (Refer note 19.1 below)		
(i) Cash credit facilities (Repayable on demand)	**1,020.15**	982.24
(ii) Working capital demand loan (Repayable on demand)	**32.87**	32.87
(iii) Buyer's credit	**10.89**	10.89
II. Unsecured (Repayable on demand)		
Loans from related parties (Refer note 39)	**1.67**	1.72
Total current borrowings (I+II)	**1,065.58**	1,027.72

Note 19.1 Security for Cash Credit Facilities, Working Capital Demand Loan and Buyer's Credit:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

The above security having ranking as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

The Company has provided first charge over specific property, plant and equipment (having WDV of ₹ 50 crore) of the Company for the loan extended by Export Import Bank of India (EXIM Bank) to HCC Mauritius Enterprise Limited through Loan Agreement dated 27 September 2010. The same security has also been extended for the loan of USD 25 million given by EXIM Bank to HCC Mauritius Investment Limited.

YES Bank, the lender of HCC Infrastructure Company Limited, a subsidiary company, is having subservient charge on identified receivables of the Company. YES Bank issued No Objection Certificate (NOC) on 4 September 2012 for ceding first charge in favour of working capital lenders and second charge in favour of term lenders.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Company.

	As at 30 June 2018 ₹ crore	As at 31 March 2018 ₹ crore
Note 20 Trade payables		
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 20.1)	**5.15**	5.15
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**1,756.99**	1,804.99
Total trade payables	**1,762.14**	1,810.14

Note 20.2 Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

Note 21 Other current liabilities		
a) Advance from contractees	**1,750.99**	1,651.88
b) Statutory dues payable	**54.82**	59.84
c) Due to customers	**182.83**	247.72
d) Other liabilities	**30.48**	19.34
Total other current liabilities	**2,019.12**	1,978.78

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
Note 22 Revenue from operations		
a) Contract revenue	**830.90**	3,993.24
Add: Company's share of turnover in integrated joint ventures	**7.11**	19.90
	838.01	4,013.14
b) Sale of products	**-**	-
c) Other operating revenue	**95.08**	561.94
Total revenue from operations	**933.09**	4,575.08

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
Note 23 Other income		
a) Interest received on financial assets carried at amortised cost	**60.05**	246.17
b) Dividend from long-term investments	**0.00 ***	0.03
c) Other non-operating income		
- Interest received on income tax refund	**0.70**	1.30
- Exchange gain (net)	**-**	-
- Profit on sale of property, plant and equipment (net)	**5.90**	-
- Profit on sale of investments	**-**	0.03
- Excess provision no longer required written back	**-**	1.72
- Rental income	**0.02**	1.28
- Miscellaneous	**1.42**	0.47
Total other income	**68.09**	251.00

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
Note 24 Cost of construction materials consumed		
Stock at beginning of the year	**175.41**	225.13
Add: Purchases	**215.27**	1039.27
	390.68	1,264.40
Less: Sale of scrap and unserviceable material	**4.78**	16.33
	385.90	1,248.07
Less: Stock at the end of the year	**171.57**	175.41
Total cost of construction materials consumed	**214.33**	1,072.66

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
Note 25 Construction expenses		
a) Power, fuel and water	**28.25**	117.65
b) Insurance	**8.09**	40.14
c) Rates and taxes	**12.54**	124.90
d) Rent (Refer note 25.1)	**18.70**	43.33
e) Transportation	**10.89**	47.09
f) Others	**18.35**	34.44
Total construction expenses	**96.82**	407.55

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
Note 26 Employee benefits expense (net of recoveries at cost)		
a) Salaries and wages	**90.04**	391.40
b) Contribution to provident and other funds [Refer note 37(B)(a)]	**5.36**	22.46
c) Staff welfare	**5.02**	24.11
Total employee benefits expense	**100.42**	437.97

Note 26.1 For each of the years ended 31 March 2014 and 31 March 2016, the Company has paid remuneration of ₹ 10.66 crore to the Chairman and Managing Director (CMD) based on the approval by shareholders and the applications filed with the Ministry of Corporate Affairs ('the Ministry') for their approval. The Ministry had approved ₹1.92 crore for 31 March 2014 for which the Company has filed an application to review the same. For the year ended 31 March 2016, amount payable as per the limits prescribed under the Companies Act amounted to ₹ 1.21 crore. Pending receipt of the aforesaid approvals, an aggregate of ₹ 18.19 crore as at 31 March 2018, is held in trust by the CMD.

Note 26.2 In respect of year ended 31 March 2015, the Company has provided for remuneration for CMD of ₹ 10.66 crore. The Company has made an application to the Ministry seeking its approval for payment of ₹ 10.66 crore which is in excess of the limits specified under Schedule V to the Act.

Note 27 Finance costs (net of recoveries at cost)

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
a) Interest expense on:		
- debentures	**62.24**	189.79
- others	**89.82**	420.47
b) Other borrowing costs		
- guarantee commission	**5.51**	38.78
- finance charges	**3.63**	10.93
Total finance costs	**161.20**	659.97

Note 28 Depreciation and amortisation expense (Refer notes 3 and 4)

	Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
a) Depreciation of tangible assets	**38.68**	122.37
b) Amortisation of intangible assets	**0.15**	0.57
Total depreciation and amortisation expense	**38.83**	122.94

Note 29 Other expenses (net of recoveries at cost)

		Period ended 30 June 2018 ₹ crore	Year ended 31 March 2018 ₹ crore
a) Stationery, postage, telephone and advertisement		**1.78**	6.33
b) Travelling and conveyance		**3.02**	13.20
c) Professional		**8.73**	34.32
d) Repairs and maintenance - building		**0.97**	4.75
e) Repairs and maintenance - others		**1.53**	6.58
f) Computer maintenance and development		**2.39**	10.41
g) Directors' sitting fees		**0.16**	0.70
h) Auditors' remuneration:			
i) Audit fees	**0.34**		1.35
ii) Tax audit fees	**0.05**		0.20
iii) Limited review fees	**0.20**		0.70
iv) Certification fees	**0.05**		0.60
v) Reimbursement of out of pocket expenses	**-**		0.02
		0.64	2.87
i) Loss on sale of property, plant and equipment (net)		**-**	0.57
j) Exchange loss (net)		**6.61**	10.51
k) Provision for doubtful advances		**8.49**	-
l) Miscellaneous		**4.75**	21.53
Total other expenses		**39.07**	111.77

The Company is not liable to incur any expenses on CSR as per section 135 of the Act.

Note 30 Earnings per share (EPS)
Basic and diluted EPS

		Period ended 30 June 2018	Year ended 31 March 2018
A. Profit computation for basic earnings per share of ₹ 1 each			
Net profit as per the Statement of Profit and Loss available for equity shareholders	(₹ crore)	**(19.72)**	77.53
B. Weighted average number of equity shares for EPS computation	(Nos.)	**1,01,54,62,926**	1,01,40,67,737
C. EPS - Basic and Diluted EPS	(₹)	**(0.19)**	0.76

The options granted to employees under the Employee stock option (ESOP) plan and the optionally convertible debentures do not qualify as potential equity shares outstanding during the periods, based on the present conditions prevalent, and hence have not been considered in the determination of diluted earnings per share.

Note 31 The Company is principally engaged in a single business segment viz. "Engineering and Construction". Also, refer note 40(ii) for information on revenue from major customers.

Note 32 * represents amount less than ₹ 1 lakh.

This is a summary of significant accounting policies and other explanatory information
referred to in our report of even date

WORKING RESULTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, our working results on a standalone basis for the period from April 1, 2018 to July 31, 2018 are set out in the table below:

Particulars	**April 1, 2018 to July 31, 2018**
	Amount (₹ in crore)
Sales/ Turnover	1,175.49
Other Income	88.23
Total Income	**1,263.72**
Estimated Gross Profit/ Loss (excluding depreciation and taxes)	1.33
Provision for depreciation	50.88
Provision for taxes (net)	(9.65)
Estimated Net Profit/ (Loss)	(39.90)

Material changes and commitments, if any, affecting our financial position

For further details in relation to material changes affecting the financial position of our Company, see "*Material Developments*" on page 242.

MATERIAL DEVELOPMENTS

Except as stated in this Draft Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2018 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

1. On August 30, 2018, the National Company Law Tribunal ("**NCLT**") has admitted the petition filed by an operational creditor, Raj Infrastructure Development India Private Limited, for initiation of the corporate insolvency resolution process ("**CIRP**") against Lavasa Corporation Limited ("**LCL**"), a subsidiary of the Company, under The Insolvency and Bankruptcy Code 2016. Pursuant to the order passed by the NCLT, the resolution professional and the committee of creditors will take charge of LCL's management and work towards implementation of a resolution plan for LCL. For further details, see "*Risk Factors - The corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 has been initiated against LCL, our Subsidiary*" on page 15.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios computed on the basis of the Financial Statements included in "*Financial Statements*" beginning on page 93:

Accounting ratios

Particulars	Consolidated		Standalone		
	As at and for Fiscal March 31, 2018(2)	As at and for Fiscal March 31, 2017(2)	As at and for the three month period ended June 30, 2018(1)	As at and for Fiscal March 31, 2018(2)	As at and for Fiscal March 31, 2017(2)
Basic EPS (₹)	(8.03)	(9.12)	(0.19)	0.76	0.71
Diluted EPS (₹)	(8.03)	(9.12)	(0.19)	0.76	0.71
Return on Net-Worth (%)	-	-	(0.71)	2.84	2.64
Net Asset Value per Equity Share (₹)	(10.52)	(2.65)	27.09	27.33	26.62

(1) Not annualized.
(2) Based on Audited Consolidated and Standalone Financial Statements.

The ratios have been computed as below:

Ratios	Computation
Basic and diluted earnings per share	Net profit / (loss) after tax attributable to equity shareholders ――――――――――― Total number of weighted average equity shares outstanding at the end of the year/period
Return on Net Worth (%)	Net Profit / (Loss) after tax and share of profits of associates and joint ventures ――――――――――― Average Networth for the year/period (excluding non controlling interests)
Net Asset Value per share	Networth or Total Equity at the end of year/period (excluding non controlling interests) ――――――――――― Total number of fully paid-up Equity Shares at the end of the year/period

Standalone capitalisation statement

The following table sets forth our Company's capitalisation on a standalone basis as at March 31, 2018 and as adjusted for the Issue. This table should be read in conjunction with the financial information contained in "*Financial Statements*" beginning on page 93.

(in ₹ crore)

	As at March 31, 2018	As adjusted for the Issue(1)
Short term borrowings	1,027.72	[●]
Long term borrowings, including current maturities	2,697.68	[●]
Total Borrowings (A)	**3,725.40**	[●]
Shareholders' funds		
Share capital	101.55	[●]
Securities premium	2,127.98	[●]
Reserves and surplus (excluding Securities Premium account)	545.41	[●]

	As at March 31, 2018	As adjusted for the Issue(1)
Total Shareholders' funds	**2,774. 94**	[●]
Total capitalisation	**6,500.34**	[●]
Long-term borrowing/equity ratio	**0.97**	[●]

(1) The Standalone amounts are as per the Limited Review Financial Information.

Consolidated capitalisation statement

The following table sets forth our Company's capitalisation on a consolidated basis as at March 31, 2018 and as adjusted for the Issue. This table should be read in conjunction with other financial information contained in "*Financial Statements*" beginning on page 93.

(in ₹ crore)

	As at March 31, 2018	As adjusted for the Issue(1)
Short term borrowings	1,123.24	[●]
Long term borrowings, including current maturities	8,332.34	[●]
Total Borrowings (A)	**9,455.57**	[●]
Shareholders' funds		
Share capital	101.55	[●]
Securities premium	2,127.98	[●]
Reserves and surplus (excluding Securities Premium account)	(3,297.61)	[●]
Total Shareholders' funds	**(1,068.08)**	[●]
Total capitalisation	**8,387.49**	[●]
Long-term borrowing/equity ratio	**(7.80)**	[●]

(1) The Consolidated amounts are as per the Limited Review Financial Information.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

The Equity Shares are listed on BSE and NSE. The Equity Shares being issued pursuant to this Issue, have not been listed earlier and will be listed on the Stock Exchange pursuant to this Issue. For further details, see "*Terms of the Issue*" on page 291. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from BSE and NSE by letters dated [●] and [●], respectively.

For the purpose of this section:

- Year is a calendar year;
- Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the closing prices and low price is the minimum of the closing prices of the Equity Shares for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE

Fiscal	Date of High	High (₹)	Volume on date of High (Number of Equity Shares)	Date of low	Low (₹)	Volume on date of Low (Number of Equity Shares)	Average price for the year (₹)
2018	January 8	43.30	2921656	July 20	9.91	1239886	23.16
2017	April 25	47.30	3805081	September 27	32.15	2169240	39.48
2016	December 15	41.15	2403869	February 25	17.20	614911	26.07

(Source: www.bseindia.com)

NSE

Fiscal	Date of High	High (₹)	Volume on date of High (Number of Equity Shares)	Date of low	Low (₹)	Volume on date of Low (Number of Equity Shares)	Average price for the year (₹)
2018	January 8	44.10	23655626	July 20	9.45	9123080	23.15
2017	April 25	48.10	20337217	September 27	31.90	7567304	39.49
2016	December 14	43.50	36757767	February 12	16.55	3731594	26.07

(Source: www.nseindia.com)

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Draft Letter of Offer are as stated below:

BSE

Month Year	Date of High)	High (₹)	Volume on date of High (Number of Equity Shares)	Date of low	Low (₹)	Volume on date of Low (Number of Equity Shares)	Average price for the month (₹)
August, 2018	August 21	15.39	9312093	August 8	11.49	2632938	13.18
July, 2018	July 2	12.37	2560296	July 20	9.91	1239886	11.37
June, 2018	June 8	15.22	617355	June 28	10.87	3365577	13.69

Month Year	Date of High)	High (₹)	Volume on date of High (Number of Equity Shares)	Date of low	Low (₹)	Volume on date of Low (Number of Equity Shares)	Average price for the month (₹)
May, 2018	May 2	23.35	812697	May 31	14.90	1083506	16.78
April, 2018	April 3	25.45	4185376	April 27	22.90	586394	24.46
March, 2018	March 1	34.00	441243	March 28	22.30	1608527	29.56

Source: www.bseindia.com

NSE

Month Year	Date of High	High (₹)	Volume on date of High (Number of Equity Shares)	Date of low	Low (₹)	Volume on date of Low (Number of Equity Shares)	Average price for the month (₹)
August, 2018	August 21	15.40	77267029	August 8	11.45	14893477	13.18
July, 2018	July 2	12.90	21664009	July 20	9.45	9123080	11.35
June, 2018	June 11	15.60	3320704	June 28	10.40	16403442	13.68
May, 2018	May 2	24.00	5028371	May 31	14.75	11303328	16.76
April, 2018	April 13	26.25	13591224	April 2	22.00	12367183	24.45
March, 2018	March 1	34.50	4341665	March 23	21.75	82025044	29.55

Source: www.nseindia.com

Week end prices of Equity Shares along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Draft Letter of Offer is as stated below:

BSE			
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Low (₹)**
September 7, 2018	14.94	14.94	14.45
August 31, 2018	14.21	14.64	14.21
August 24, 2018	15.02	15.39	15.02
August 17, 2018	12.83	12.83	11.71

Source: www.bseindia.com

NSE			
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Low (₹)**
September 7, 2018	14.95	14.95	14.50
August 31, 2018	14.20	14.65	14.20
August 24, 2018	15.05	15.40	15.05
August 17, 2018	12.80	11.70	12.80

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on one day prior to the date of this Draft Letter of Offer was ₹ 14.38 on BSE and ₹ 14.35 on NSE.

The Issue Price of ₹ [●] has been arrived at prior to the determination of the Record Date, in consultation with the Lead Manager.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed below, there is no outstanding litigation against our Company, our Subsidiaries and our Joint Ventures including, suits, criminal or civil prosecutions and taxation related proceedings that would have a material adverse effect on our operations or financial position.

Further, except as disclosed below, there is no outstanding litigation against our Company, our Subsidiaries and our Joint Ventures involving issues of moral turpitude, criminal liability, material violations of statutory regulations or economic offences and no such litigation had arisen against our Company in the preceding ten years.

One per cent of the consolidated revenue of our Company in Fiscal 2018 is ₹ 101.32 crore. Accordingly, set out below is a summary of outstanding litigation and certain other litigation which we consider material, i.e., involving potential financial liability of ₹ 100 crore or more (being approximately one percent of the consolidated revenue of the Company):

Litigation involving our Company

Litigation against our Company

A. Matters which are pending or which have arisen in the immediately preceding ten years involving issues of moral turpitude, criminal liability or economic offences against our Company

Criminal proceedings

1. The Central Bureau of Investigation (the "**Complainant**") filed a criminal case before the Additional Special Judge for CBI cases, Chennai against our Company represented by our Managing Director Ajit Gulabchand and others (the "**Accused**") under the provisions of the Indian Penal Code, 1860 and the Prevention of Corruption Act, 1988, alleging cheating, criminal conspiracy and corruption in relation to *inter alia,* the payment received by our Company for operational delays for the construction of a satellite port. The Additional Special Judge dismissed the case and acquitted the Accused from all the charges. The Complainant preferred an appeal before the Madras High Court against such acquittal. The matter is currently pending.

2. Midas Construction Company Limited (the "**Complainant**") has filed a criminal case before the Chief Judicial Magistrate at Alipore, 24 Paraganas against our Company and our Directors (the "**Accused**") under Section 138 of Negotiable Instruments Act, 1881 alleging dishonour of cheque for payment in relation to the execution of various infrastructure work carried out by the Complainant. The matter is currently pending.

3. The Regional Provident Fund Commissioner, Jamnagar issued a notice to our Company under Section 14 of Employees' Provident Funds & Miscellaneous Provisions Act, 1952 in relation to, uploading of bank accounts of provident fund members of the establishment of our Company at Sikka, Jamnagar. The Employees Provident Fund Organisation filed a complaint before the Chief Metropolitan Magistrate Court, Jamnagar, against our Company alleging non- compliance of statutory provisions. Our Company has filed an application for quashing of the complaint before the High Court of Gujarat. The matter is currently pending.

4. The Deputy Commissioner of GST & Central Excise filed a criminal complaint before the Chief Metropolitan Magistrate, Mumbai (the "**Magistrate**") against our Company under various provisions of the Indian Penal Code, 1860, Central Excise Act, 1944 and the Finance Act, 1994 alleging *inter alia,* wrongful classification of construction of commercial services as works contract with an intention to avail concession of service tax. The Magistrate passed an order to issue process against our Company pursuant to which our Company filed an appeal before the Sessions Court, Mumbai. The Sessions Court dismissed the appeal. Our Company has filed a criminal writ petition before the High Court of Bombay in relation to quashing of the order. The matter is currently pending.

5. Abdul Rashid (the "**Complainant**") has filed a criminal case before the Judicial Magistrate First Class,

Banihal against our Company under Sections 427, 430, 43, 504, 506-534 of the Ranbir Penal Code of Jammu and Kashmir, 1932 alleging *inter alia,* disruption of the crop and house on the land of the Complainant. The matter is currently pending.

6. Phekuram, District Mines Officer, Sahibganj, Jharkhand, has registered a first information report against P.K.Bishnu, Liaising Officer of our Company, under Section 379 of Indian Penal Code, 1860 and Rule 54 of Jharkhand Mines and Mineral Concession Rules 2004 alleging illegal mining, extraction and dispatch of stone causing revenue losses to the Government. The matter is currently pending.

B. Civil Proceedings

1. Anjanabai Hanumantrao Sonawane and others ("**Plaintiffs**") has filed a suit before the Small Causes Court, Mumbai against our Company in respect of the property of the Company at Village Hariyali, Vikhroli (East) alleging that the said property has been leased to the Plaintiffs' predecessors in title pursuant to a consent order, dated October 25, 1969, passed by the High Court of Bombay as an interim measure in High Court suit no. 431of 1969. The Plaintiffs has sought, *inter alia,* declaration that the Plaintiffs are the lessee of the said property and owners of the structures standing thereupon and an injunction restraining our Company, its servants and persons under our Company from interfering with the use, possession and enjoyment of the said property. The matter is currently pending.

2. Jagannath Hanumant Sonawane and others (the "**Appellants**") filed an appeal before the Special Tribunal constituted under the Slum Act (the "**Tribunal**") against the Slum Rehabilitation Authority (the "**SRA**"), State of Maharashtra and our Company, being aggrieved by a notification dated April 11, 2011, by which the property of our Company in Vikhroli (East) was declared as Slum Rehabilitation Area under Section 3C (1) of the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971 (the "**Slum Act**"). The Tribunal dismissed the said appeal by its order dated December 7, 2011 (the "**Order**"). The Appellants filed a writ petition before the High Court of Bombay challenging the Order. The High Court of Bombay disposed of the said writ petition by order dated May 11, 2012, inter alia, remitted the matter to the Tribunal granting the Appellants an opportunity to demonstrate that the said property does not meet the criteria for declaring it a slum rehabilitation area (the "**Impugned Order**"). Pursuant to which, the Appellants and our Company have filed an appeal and a counter-appeal before the High Court of Bombay against the Impugned Order respectively. The appeals have been admitted. The matters are currently pending.

3. Amresh Singh (the "**Applicant**") has filed an application before National Green Tribunal, New Delhi (the "**Tribunal**") against Union of India, Government of Jammu and Kashmir, our Company and others (the "**Respondents**") under Sections 14 and 15 read with Section 18 of the National Green Tribunal Act, 2010 (the "**NGT Act**") alleging gross violation of environmental laws due to rampant dumping of soil directly in the rivers Chenab and Tawi, without prior environment clearance. The Applicant has sought, *inter alia,* stay on the construction work of the project, direction to the Respondents to not encroach into the forest land and river basins, direction to conduct a cumulative impact study and formulate a scheme to prevent illegal dumping and an order of the nature of mandamus to constitute a high level committee to monitor the construction and submit periodical environmental reports to the Tribunal. Our Company has filed a counter-affidavit objecting the allegations and stating that Tawi and Chenab rivers are outside our work area and without any ongoing evacuation work respectively. The Tribunal has passed an order directing, *inter alia,* Respondents to not dump muck generated from the earth cutting work and tunnel excavation in area other than the permitted area and to install noise air monitoring particularly near habitation to be done and submitted on regular basis. Further, the Tribunal constituted a committee to suggest technical measures for securing muck disposal sites. The matter is currently pending.

4. Gulam Nabi and others (the "**Applicants**") has filed an application has filed an application before National Green Tribunal, Principal Bench, New Delhi (the "**Tribunal**") against Union of India, Government of Jammu and Kashmir, our Company and others (the "**Respondents**") under Sections 14 and 15 read with Section 18 of the National Green Tribunal Act, 2010 (the "**NGT Act**") alleging gross violation of environmental laws due to rampant dumping of construction waste materials in forest areas and water resources and deforestation. The Applicant has sought, *inter alia*, preservation of ecology in and around Village Dugga, Jammu and Kashmir, direction to Respondents to stop dumping waste construction materials in forest areas and water resources for any purpose and direction to Respondents to either shift the dumping site to a pockets hill or use the site materials to make bunds to serve the habitants of the area. The matter is currently pending.

C. Arbitration Proceedings

1. Rash Builders India Private Limited (the "**Claimant**"), a sub-contractor engaged by our Company for the Mughal Road Project, has initiated arbitration proceedings against our Company and lodged a claim of ₹ 143.74 crores alleging *inter alia,* non-certification of running account bills. The dispute has arisen in relation to termination of the sub-contract by our Company. Our Company has also filed a counter claim for ₹ 102.30 crore alleging *inter alia,* non-performance of the sub-contract by the Claimant. The matter is currently pending.

D. Insolvency Proceedings

1. SUL Steel Private Limited has filed an application under Section 8 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 2.95 crores. The matter is currently pending.

2. Complete Dewatering Systems Private Limited has filed an application under Section 8 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.60 crores. The matter is currently pending.

3. Geo Constech Private Limited has filed an application under Section 8 and Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.35 crores. The matter is currently pending.

4. BASF India Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.58 crores. The matter is currently pending.

5. CEAT Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.29 crores. The matter is currently pending.

6. Sapco Bitumen Company Limited has filed an application under The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 2.23 crore. The matter is currently pending.

7. The Freyssinet Prestressed Concrete Company Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.28 crores. The matter is currently pending.

8. India Mills Store has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.63 crores. The matter is currently pending.

9. JCC India Private Limited Store has filed an application under Section 8 and Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 2.83 crores. The matter is currently pending.

10. Lucknow Industrial House has filed an application under Section 8 and Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.33 crores. The matter is currently pending.

11. Mott Mac Donald Private Limited has filed an application under Section 8 and Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 1.99 crores. The matter is currently pending.

12. National Iron and Steel has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.65 crores. The matter is currently pending.

13. Prestar Infrastructure Projects Limited Steel has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 8.80 crores. The matter is currently pending.

14. Purushottam Maheshwari, proprietor of Vishnupriya Industrial Corporation has filed an application under The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 3.02 crores. The matter is currently pending.

15. Akashganga Infraventures India Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.15 crores. The matter is currently pending.

16. Kamal Kumar Lihala, proprietor of Prem Kumar has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against our Company. The amount involved in the matter is ₹ 0.15 crores. The matter is currently pending.

E. Demand Notices under The Insolvency and Bankruptcy Code, 2016

1. Naveen Merico Engineering Company Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.40 crores.

2. Geo Constech Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.57 crores.

3. R.S. Ispat Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 7.55 crores.

4. Complete Dewatering Systems Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.04 crores.

5. Machinery Sales Agency has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.44 crores.

6. ARS Steels Private Limited has issued two demand notices under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.30 crores.

7. M/s Continental Petrochem has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.05 crores.

8. Jaypee India Limited has issued a demand notice under the Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.11 crores.

9. M/s Jai Balaji Impex has issued a demand notice under the Insolvency and Bankruptcy Code, 2016

against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.36 crores.

10. M/s SPS Steels Rolling Mills Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 1.17 crores.

11. Indian Stores Supplying Company Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.06 crores.

12. RAK Corporation has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.04 crores.

13. SPS Steels Rolling Mills Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 1.18 crores.

14. Nawa Engineers & Consultants Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.55 crores.

15. Mindrill Systems & Solutions Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ` 0.13 crores in relation to supply of materials.

16. Ceat Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.37 crores.

17. Galore Infratech Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.34 crores.

18. Sudarshan Lal Aggarwal & Sons has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ` 0.16 crores.

19. Bharti Motors (Baroda) has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.07 crores.

20. Jagannath Durgadutt has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.84 crores.

21. ARS Steels Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.10 crores.

22. Vaisno Construction has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 1.21 crores.

23. Coast Liners Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.27 crores in relation to supply for transportation.

24. Idma Laboratries Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.08 crores.

25. Paschimbanga Udyog has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.47 crores.

26. Rishabh Sales has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.33 crores.

27. Suntech Infra Solutions Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.42 crores.

28. M/s Kamal Associates has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 8.46 crores.

29. K.L. Steels Private Limited has issued two demand notices under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.26 crores.

30. Nuvoco Vistas Corporation Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 2.55 crores.

31. Efkon India Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid operational debt amounting to ₹ 0.65 crores.

32. Pioneer Projects has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.56 crores.

33. Prakash Transport Corporation has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 4.30 crores.

34. Forsoc Chemicals (India) Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.22 crores.

35. ACC Logistics has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 2.03 crores.

36. M/s Ashwini Logistics Solution has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.89 crores.

37. M/s Ashoka Chemicals has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.18 crores.

38. Fluidcon Engineers has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.27 crores.

39. Om Industries has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.23 crores.

40. Alpha Splicing has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.01 crores.

41. Manish Bajaj has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.20 crores.

42. Maxworth Enterprises has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 0.13 crores.

43. Sanghvi Movers Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against our Company demanding payment of an unpaid debt amounting to ₹ 1.76 crores.

F. Other Matters

Certain cases under the Employees Compensation Act, 1923, Industrial Dispute Act, 1947, Trade Union Act, 1926 and Payment of Wages Act, 1937 has been filed against our Company in relation to, *inter alia*, matters of workmen compensation, recovery of damages, recovery of injury and accident suffered during course of employment, and recovery of due wages and statement of payment have been filed by our Company's employees and trade unions, and are pending before various forums, namely, Commissioner Workmen's Compensation, Baramulla, Jammu and Kashmir, Labour Court, Muzzaffarpur, Bihar, Industrial Tribunal, Bhilwara, Rajasthan and the High Court of Jodhpur, Rajasthan. The matters are currently pending.

Litigation by our Company

A. Matters which are pending or which have arisen in the immediately preceding ten years involving issues of criminal liability by our Company

1. Our Company has filed a criminal complaint against Mohammad Amin Shah (the "**Accused**") under Sections 341, 233 and 506 of the Ranbir Penal Code of Jammu and Kashmir, 1932 pursuant to which a first information report was registered alleging criminal assault by the Accused against the site engineer of our Company. The matter is currently pending.

2. Our Company has filed a criminal complaint against Mushtaq Ahmad Tantray (the "**Accused**") under Sections 457 and 351 of the Ranbir Penal Code of Jammu and Kashmir, 1932 pursuant to which a first information report was registered alleging theft of six CEAT tyres by the Accused from TBM yard at Ajar. The matter is currently pending.

B. Civil Proceedings

1. Our Company has filed a suit before the Small Causes Court, Mumbai against the legal heirs and representatives of Hari Fakira, Anjanabai Hanumantrao Sonawane, Prabhakar Hanumantrao Sonawane and others (the "**Defendants**") in respect of the property of the Company situated at Village Hariyali, Vikhroli (East). The High Court of Bombay passed a consent order dated October 25, 1969, as an interim measure, whereby Hari Fakira was recognized as a lessee in respect of the said property (the "**Consent Order**"). Our Company has alleged breach of the terms of the Consent Order due to sub-letting and illegal construction by the Defendants on the property. Our Company has sought, *inter alia*, an order for eviction of the Defendants and for the possession of the property. The matter is currently pending.

2. Our Company has filed a writ petition before the High Court at Calcutta against the Kolkata Metropolitan Development Authority ("**KMDA**") and others alleging *inter alia*, the unilateral and wrongful reduction of our Company's scope of work, without assigning any reason, by the KDMA and re-tendering of the same. The High Court at Calcutta has passed an order to stay the re-tender notice issued by KMDA and directed that the balance work shall be executed by our Company. The matter is currently pending.

3. Our Company has filed a special civil application before the High Court of Gujarat against the State of Gujarat and Sardar Sarovar Narmada Nigam Limited (the "**Respondents**") challenging a show cause notice issued by the Respondents. Our Company had entered into a contract with Sardar Sarovar Narmada Nigam Limited in relation to the project of Limbadi Branch Canal. The aforementioned show cause notice was issued for *inter alia,* blacklisting our Company as a contractor and cancelling "AA" class registration of our Company pursuant to an application made by Sardar Sarovar Narmada Nigam Limited. The High Court of Gujarat has passed an order to grant a stay on the show cause notice. The matter is currently pending.

4. Our Company has filed a special civil application before the High Court of Gujarat against Sardar Sarovar Narmada Nigam Limited ("**SSNNL**") alleging *inter alia,* wrongful termination of the Limbadi Branch Canal Project contract by SSNNL and sought the withdrawal of such termination. The High Court of Gujarat has passed an interim order to put the termination order by SSNNL in abeyance in respect of other states and other projects in the state of Gujarat. Subsequently, SSNNL issued a notice to our Company for payment of ` 124.25 crores towards the cost incurred by SSNNL for completion of certain work in relation to the project pursuant to which our Company has filed a civil application before the High Court of Gujarat challenging the aforementioned notice. The matter is currently pending.

C. Arbitration Proceedings

1. Baharampore Farakka Highways Limited (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). Pursuant to the concession agreement between

the Claimant and NHAI, the Claimant appointed our Company as the EPC contractor for the project of the four laning of National Highway 34 for the stretch between Baharampore and Farakka (the "**Project**"). The dispute between the parties has arisen in relation to *inter alia*, additional costs incurred due to the delay in the completion of the Project. The arbitral tribunal passed an award in favour of the Claimant and our Company. The Claimant has filed an execution petition under Section 36 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi. Further, NHAI has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the arbitral award. The amount involved in the matter is ₹ 212.40 crores together with a pre-award interest of 14% per annum simple interest on the awarded amount for claim pertaining to the first submission period of 11 months from October 10, 2014 till the date of award and a post-award interest of 15% per annum simple interest from the date of the award till the date of payment. The matter is currently pending.

2. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a contract with the NHAI in relation to the construction of Chennai Bypass Phase II and widening of Chennai Bypass Phase I (the "**Project**"). The dispute between the parties has arisen in relation to *inter alia*, determination of rates for the concrete to be used for the purposes of the construction and additional costs incurred due to the delay in the completion of the Project. The arbitral tribunal passed an award in favour of the Claimant. The Claimant has filed an execution petition under Section 36 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi. Further, NHAI has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the arbitral award. The amount involved in the matter is ₹ 145.83 crores together with a pre-award interest of 10% per annum simple interest from due date of payment till the date of the award and a post-award interest of 15% per annum simple interest from the date of the award till the date of payment. The matter is currently pending.

3. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). NHAI had awarded the Claimant an item rate contract for four laning of National Highway 54 in Assam (the "**Project**"). The dispute between the parties has arisen in relation to *inter alia*, classification of rocks and additional costs incurred in relation to the delay in the completion of the Project. The arbitral tribunal passed an award in favour of the Claimant. The Claimant has filed an execution petition under Section 36 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi. Further, NHAI has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the arbitral award. The amount involved in the matter is ₹ 249.13 crores with a pre-award interest of 10% per annum from due date of payment till the date of the award and a post-award interest of 12% per annum from the date of the award till the date of payment. The matter is currently pending.

4. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Hydroelectric Power Corporation (the "**NHPC**"). The Claimant had entered into a contract with NHPC for construction and civil works in relation to a hydroelectric project (the "**Project**"). The dispute between the parties has arisen in relation to the additional costs incurred due to delay in the completion of the Project. The arbitral tribunal passed an award in favour of the Claimant. The Claimant and NHAI have each filed applications under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi and before the court of district judge at Faridabad, Haryana, respectively, challenging the arbitral award. The amount involved in the matter is ₹ 187.54 crores together with a pre-award interest of 14% per annum from due date of payment till the date of the award and a post-award interest of 18% per annum from the date of the award till the date of payment. The matter is currently pending.

5. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a contract with the NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh (the "**Project**"). The dispute between the parties has arisen in relation to *inter alia*, additional costs incurred due to the delay in the completion of the Project. The arbitral tribunal passed an award in favour of the Claimant. The Claimant has filed an execution petition under Section 36 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi. Further, NHAI has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the arbitral award. The amount involved in the matter is ₹ 135.15 crores together with a pre-award interest of 12% compounded monthly on the amount awarded from March 31, 2011 till the date of the award and a post-award interest of 15% per annum on the amount awarded from the date of award till date of payment in the event of failure to make payment

within 90 days of the date of award. The matter is currently pending.

6. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). NHAI had awarded the Claimant a contract for construction of the Allahabad bypass (the "**Project**"). The dispute between the parties has arisen in relation to additional costs incurred due to the delay in the completion of the Project. The arbitral tribunal passed an award in favour of the Claimant. NHAI filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the award. The High Court of Delhi set aside the application. Subsequently, NHAI filed an appeal under Section 37 of the Arbitration and Conciliation Act, 1996 before the Division Bench of the High Court of Delhi. The Division Bench of the High Court of Delhi set aside the appeal pursuant to which NHAI has filed two special leave petitions before the Supreme Court of India under Article 136 of the Constitution of India. The amount involved in the matter is ₹ 149.07 crores together with a pre-award interest on ₹ 83.81 crore at compound interest on amount awarded at average SBI PLR rate 12% compounded monthly from August 4, 2008 till the date of the award and ₹ 107.31 crore at compound interest on amount awarded at average SBI PLR rate 12% compounded monthly from June 2, 2009 till the date of the award. The matter is currently pending.

7. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a contract with the NHAI in relation to the four laning of National Highway 54 in Assam (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* change in rate for varied quantity of soft rock, reimbursement of cess, payment of price escalation and additional costs incurred due to the delay in the completion of the Project. An arbitral tribunal has been constituted to adjudicate the dispute between the Claimant and NHAI. The amount involved in the matter is ₹ 151.97 crores. The matter is currently pending.

8. Farakka Raiganj Highways Limited (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). Pursuant to the concession agreement between the Claimant and NHAI, the Claimant appointed our Company as the EPC contractor for the project of the four laning of National Highway 34 for the stretch between Farakka to Raiganj in West Bengal (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to the delay in the completion of the Project. An arbitral tribunal has been constituted to adjudicate the dispute between the Claimant and NHAI. The amount involved in the matter is ₹ 365.82 crores. The matter is currently pending.

9. Our Company (the "**Claimant**") has initiated arbitration proceedings against Ircon International Limited (the "**IRCON**"). The Claimant had entered into a contract with the IRCON in relation to the construction of a tunnel on a railway line in Srinagar (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to underutilization of its resources during the course of the Project, reimbursements of excess works contract tax deducted by IRCON from the payments made to our Company, unforeseen increase in price of high speed diesel for bulk consumers and additional cement consumption for the Project. An arbitral tribunal has been constituted to adjudicate the dispute between the Claimant and IRCON.The amount involved in the matter is ₹ 270.18 crores. The matter is currently pending.

10. Our Company (the "**Claimant**") has initiated arbitration proceedings against Ircon International Limited (the "**IRCON**") claiming an amount of ` 123.75 crores. The Claimant had entered into a contract with IRCON in relation to the construction of civil works including tunnels on a railway line in Srinagar (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to delay in completion of the Project. The High Court of Delhi has appointed a sole arbitrator to adjudicate the dispute between the Claimant and IRCON. Further, IRCON has filed a counter-claim for an amount of ₹ 134.60 crore. The matter is currently pending.

11. Our Company (the "**Claimant**") has initiated arbitration proceedings against National Hydroelectric Power Corporation (the "**NHPC**"). The Claimant had entered into a contract with NHPC in relation to the execution of civil works for the Kishanganga hydroelectric project (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* our Company's entitlement on extension of time for completion of Project. An arbitral tribunal has been constituted to adjudicate the dispute between the Claimant and NHPC. The amount involved in the matter is ₹ 251.18 crores. The matter is currently pending.

12. Our Company (the "**Claimant**") has initiated arbitration proceedings against National Hydroelectric Power Corporation (the "**NHPC**") claiming an amount of ` 229.32 crores. The Claimant had entered into a contract with NHPC in relation to the works of civil engineering construction for the Teesta Low Dam Hydroelectric Project, Stage IV, in West Bengal (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia*, our Company's entitlement on extension of time for completion of Project and additional costs incurred due to delay in the completion of Project. An arbitral tribunal has been constituted to adjudicate the dispute between the Claimant and NHPC. Further, NHPC has filed a counter-claim for an amount of ₹ 588.30 crore. The matter is currently pending.

13. Our Company (the "**Claimant**") has initiated arbitration proceedings against Kolkata Metropolitan Development Authority (the "**KMDA**") claiming an amount of ` 104.19 crores. The Claimant had entered into a contract with KMDA in relation to the construction of the elevated road corridor from Park Circus to EM bypass near Parama Island in West Bengal (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to delay in the completion of Project. The High Court at Calcutta has appointed a sole arbitrator to adjudicate the dispute between the Claimant and KMDA. Further, KMDA has filed various counter-claims, amounting to approximately ₹ 160.13 crores. The matter is currently pending.

14. Our Company (the "**Claimant**") has initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited (the "**HPPCL**"). The Claimant had entered into a contract with HPPCL in relation to the setting up and establishing the hydroelectric project on Sainj River in Himachal Pradesh (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* costs incurred for execution of varied works and additional costs incurred due to delay in the completion of the Project. An arbitral tribunal has been constituted to adjudicate the dispute between the Claimant and HPPCL. The amount involved in the matter is ₹ 143.09 crores. The matter is currently pending.

15. Our Company (the "**Claimant**") has initiated arbitration proceedings against Municipal Corporation of Brihan Mumbai (the "**MCBM**"). The Claimant had entered into a contract with MCBM in relation to the construction of a tunnel from Maroshi to Ruparel College (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* reimbursement of labour cess and payment of costs on account of adjustment for fluctuation in rates of foreign exchange interest on delayed payments and additional costs incurred due to delay in completion of the Project. The High Court of Bombay has appointed a sole arbitrator to adjudicate the dispute between the Claimant and MCBM. The amount involved in the matter is ₹ 171.86 crores. The matter is currently pending.

16. Our Company (the "**Claimant**") has initiated arbitration proceedings against Director General Naval Project, Mumbai (the "**DGNP**") claiming an amount of ₹ 178.60 crores. The Claimant had entered into a contract with DGNP in relation to the re-construction of the dry dock and associated north and south wharves at the Naval Dockyard, Mumbai (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to the delay in the completion of the Project. An arbitral tribunal has been constituted to adjudicate the dispute between the Claimant and DGNP. Further, DGNP has filed various counter-claims amounting to approximately ₹ 382.60 crore. The matter is currently pending.

17. Our Company (the "**Claimant**") has initiated arbitration proceedings against Indian Strategic Petroleum Reserves Limited (the "**ISPRL**") claiming an amount of ₹ 342.42 crores. The Claimant had entered into a contract with ISPRL in relation to the execution of civil works at the underground rock caverns for storage of crude oil at Vishakhapatnam, Andhra Pradesh (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred on various matters during the course of the Project and additional costs incurred due to delay in execution of the project. The High Court of Delhi has appointed a sole arbitrator to adjudicate the dispute between the Claimant and ISPRL. Further, ISPRL has filed various counter-claims amounting to approximately ₹ 2.16 crores. The matter is currently pending.

18. Our Company (the "**Claimant**") has initiated arbitration proceedings against Indian Strategic Petroleum Reserves Limited (the "**ISPRL**"). The Claimant had entered into a contract with ISPRL in relation to the execution for civil works for underground rock caverns for strategic storage of crude oil at Padur, Karnataka (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* costs incurred for varied works, additional costs incurred due to the delay in completion of the Project and the consequent increase in prices of major construction materials and labour wages. The High Court of Delhi

has appointed a sole arbitrator to adjudicate the dispute between the Claimant and ISPRL. The amount involved in the matter is ₹ 191.63 crores. The matter is currently pending.

19. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a contract with the NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* rate revision and additional costs incurred due to the delay in the completion of the Project. The arbitral tribunal passed an award in favour of the Claimant. The Claimant and NHAI have each filed applications under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the arbitral award. The amount involved in the matter is ₹ 95.93 crores together with a pre-award interest of 12% compounded monthly from the date of cause of action till the date of award for the first claim and 12% compounded monthly from July 06, 2011 till the date of the award for second claim and a post-award interest of 18% per annum from the date of the award till the date of payment. The matter is currently pending.

20. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Hydroelectric Power Corporation (the "**NHPC**"). The Claimant had entered into a contract with the NHAI in relation to the Nimoo Bazgo hydroelectric project (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to the delay in the completion of the Project. The Claimant has filed an execution petition under Section 36 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi. Further, NHAI has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the arbitral award. The amount involved in the matter is ₹ 77.01 crore together with costs awarded in relation to arbitration, pre-award at 14.45% on the amount awarded from July 8, 2013 till date of the award and post-award 18% on the amount awarded from the date of award till date of payment. The matter is currently pending.

21. Our Company (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a contract with the NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* non-fixation of appropriate rate for the varied works and additional costs incurred due to the delay in the completion of the Project. The Claimant has filed an execution petition under Section 36 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi. Further, NHAI has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the arbitral award. The amount involved in the matter is ` 97.55 crore together with costs awarded in relation to arbitration, pre-award interest on ₹ 85.33 crore at simple interest of 12% per annum from January 29, 2014 to March 31, 2017 and on ₹ 12.21 crore compound interest of 12% compounded monthly from January 29, 2014 to March 31, 2017 and post-award simple interest of 12% per annum on the amount awarded from the date of award till date of payment. The matter is currently pending.

Litigation involving our Subsidiaries

a. Litigation involving LCL

Litigation against LCL

A. Matters which are pending or which have arisen in the immediately preceding ten years involving issues of moral turpitude, criminal liability or economic offences against LCL

Criminal proceedings

1. Vikram A. Deshpande has filed a complaint before the Judicial Magistrate, First Class, Pune against LCL and others alleging *inter alia,* invalid transfers of land being conducted by way of improper use of power of attorney. The matter is currently pending.

2. Reji Thomas (the "**Complainant**") has filed a complaint before the Judicial Magistrate, First Class, Pune ("**Judicial Magistrate**") against LCL and others (the "**Accused**") alleging *inter alia*, forceful dispossession by the Accused from the premises owned by the Accused where the Complainant operated a café pursuant to an agreement. The Judicial Magistrate dismissed the complaint pursuant to which, the Complainant has filed an appeal before the Sessions Judge, Pune. The matter is currently pending.

3. The Maharashtra Pollution Control Board ("**MPCB**") has filed a criminal case before the Chief Judicial Magistrate, Pune ("**CJM**") against LCL, and others (the "**Accused**"), alleging *inter alia,* violation of the Environment (Protection) Act, 1986 read with the Environment Impact Associations notifications. MPCB has alleged that LCL carried out construction and development activities prior to obtaining environmental clearance from the MoEF, and caused damage to the environment. The CJM has passed an order to issue process for the offences punishable under Sections 15 and 16 of the Environment (Protection) Act, 1986 against the Accused. The Accused have filed a criminal writ petition and criminal revision application under Section 482 and Section 397 of the Code of Criminal Procedure, 1973, before the High Court of Bombay and the Sessions Court at Pune, respectively. The High Court of Bombay has stayed all proceedings in the present case. The matter is currently pending.

4. Crimson Hospitality Services Private Limited (the "**Complainant**") has filed a criminal case before the Additional Chief Metropolitan Magistrate, Pune against LCL and others (the "**Accused**"), alleging *inter alia* misrepresentation by the Accused in relation to the land being leased to the Complainant to be free of all encumbrances. The Accused has withdrawn the complaint pursuant to a settlement agreement.

5. Sushil Bansal, a consumer has filed a criminal complaint before the Judicial Magistrate, First Class, Pune under Sections 420, 406 of Indian Penal Code, 1860 and under Section 13 of the Maharashtra Ownership Act, 1970 against the employees of LCL (the "**Accused**") alleging *inter alia,* cheating by the Accused. The matter is currently pending.

B. Tax Proceedings

Direct Tax Proceedings

1. LCL has filed an appeal before the Income Tax Appellate Tribunal for A.Y. 2011-12 against the order of the Assessing Officer, challenging *inter alia,* the disallowance amount of ₹ 55.95 crore and the classification of ₹ 29.42 crore as income from other sources. The Assessing Officer had disallowed the claim by LCL under Section 36(i) (iii) and Section 14A of the Income tax Act, 1961. The matter is currently pending.

2. LCL has filed an appeal before the Commissioner of Income Tax (Appeals) for A.Y. 2012-13 against the order of the Assessing Officer, challenging *inter alia,* the disallowance amount of ₹ 45.72 crore and the classification of ₹ 40.35 crore as income from other sources. The Assessing Officer had disallowed the claim by LCL under Section 36(i) (iii), Section 14A of the Income tax Act, 1961. The matter is currently pending.

3. LCL has filed an appeal before the Commissioner of Income Tax (Appeals) for A.Y. 2013-14 against the order of the Assessing Officer, challenging *inter alia,* the disallowance amount of ₹ 49.99 crore and the classification of ₹ 43.92 crore as income from other sources. The Assessing Officer had disallowed the claim by LCL under Section 36(i) (iii) and Section 14A of the Income tax Act, 1961. The matter is currently pending.

4. LCL has filed an appeal before the Commissioner of Income Tax (Appeals) for A.Y. 2014-15 against the order of the Assessing Officer, challenging *inter alia,* the disallowance amount of ₹ 60.71 crore and the classification of ₹ 41.93 crore as income from other sources. The Assessing Officer had disallowed the claim by LCL under Section 36(i) (iii) and Section 14A of the Income tax Act, 1961. The matter is currently pending.

5. LCL has filed an appeal before the Commissioner of Income Tax (Appeals) for A.Y. 2015-16 against the order of the Assessing Officer, challenging the disallowance amount of ₹ 67.32 crore and the classification of ₹ 10.85 crore as income from other sources. The Assessing Officer had disallowed the claim by LCL under Section 36(i) (iii) and Section 14A of the Income tax Act, 1961. The matter is currently pending.

C. Insolvency Proceedings

1. Raj Infrastructure Development (India) Private Limited filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 (the "**IBC**") initiated a corporate insolvency resolution process against LCL claiming an amount of ₹ 2.94 crores. The National Company Law Tribunal, Mumbai has

admitted the application pursuant to which the provisions of moratorium under section 14 of IBC has become operative on LCL. Section 14 of IBC prohibits *inter alia,* institution of any suit or the continuation of the pending suits against LCL. See, "*Risk Factors – The corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 has been initiated against LCL, our Subsidiary*" on page 15.

2. Aryan Enterprises has filed an application under Section 8 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 0.13 crore. The matter is currently pending.

3. Shri Atul Enterprises has filed an application under Section 8 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 0.35 crore. The matter is currently pending.

4. DDB Mudra Private Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 1.21 crore. The matter is currently pending.

5. Environment S.A Private Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 0.06 crore. The matter is currently pending.

6. Parag Navle has filed an application under Section 7 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 0.23 crore. The matter is currently pending.

7. Prakash Navle has filed an application under Section 7 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 0.23 crore. The matter is currently pending.

8. UltraTech Cement Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 0.65 crore. The matter is currently pending.

9. Corporation Bank has filed an application under Section 7 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 19.85 crore. The matter is currently pending.

10. SN Plumbing Private Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 0.45 crore. The matter is currently pending.

11. Zuari Cement Limited has filed an application under Section 8 and Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against LCL. The amount involved in the matter is ₹ 0.78 crore. The matter is currently pending.

D. Civil Proceedings

1. Shamsunder Haribhau Potare (the "**Petitioner**") has filed a public interest litigation before the High Court of Bombay and has sought the cancellation of allotments of land by the Maharashtra Krishna Khore Vikas Mahamandal ("**MKKVM**") to all the allottees including allotments of land admeasuring 141.15 hectares to LCL. The Petitioner has sought that MKKVM take back possession of the allotted lands. LCL has sought that the public interest litigation be dismissed. The High Court of Bombay has passed an interim order directing the allottees to not alienate the property or create any third party interest in the property. The matter is currently pending.

2. Bhagatraj G. Ahuja (the "**Petitioner**") has filed a public interest litigation before the High Court of Bombay and has sought revocation and cancellation of allotments of land made by the Maharashtra Krishna Khore Vikas Mahamandal ("**MKKVM**") to all the allottees including the allotment of land admeasuring 141.15 hectares to LCL. LCL has sought that the public interest litigation be dismissed. The matter is currently pending.

3. Shamsunder Haribhau Potare (the "**Petitioner**") has filed a public interest litigation before the High Court of Bombay against the State of Maharashtra, LCL and two others. The Petitioner has alleged that LCL has purchased more than 10,000 acres of land in violation of Sections 9 and 10 of the Maharashtra Agricultural (Ceiling on Holdings) Act, 1961 (the "**Ceiling Act**"). LCL has sought that the petition be dismissed with costs. The matter is currently pending.

4. Suniti S.R. and others (the "**Petitioners**") have filed a public interest litigation before the Bombay High Court against LCL; the Union of India through the Ministry of Environment and Forests ("**MoEF**"); the Environment Department, State of Maharashtra; the Secretary, Urban Development Department, Government of Maharashtra; the Member Secretary, Maharashtra Pollution Control Board ("**MPCB**"); Regional Officer, MPCB; and the Collector, District Pune. The Petitioners have submitted that the Government of Maharashtra does not have the statutory power to grant the environmental clearance to LCL and that this power can be exercised by the MoEF after following the prescribed procedure. The Petitioners, *inter alia,* have sought that construction of the hill station project be halted, and that status quo be restored relation to the site. The High Court of Bombay has issued rule in the matter. The Petitioners have filed a civil application for amending the petition to challenge EC granted to LCL. The matter is currently pending.

5. Dyaneshwar Vishnu Shedge (the "**Appellant**") has filed an appeal before the National Green Tribunal, New Delhi (the "**NGT**") against our Company; the Ministry of Environment and Forests, Union of India ("**MoEF**"); and the Member Secretary, Maharashtra Pollution Control Board ("**MPCB**") against the environmental clearance dated November 9, 2011 granted by the MoEF to our Company (the "**EC Order**"). The Appellant has sought the EC Order to be quashed and damages be imposed upon our Company. Our Company has also, vide a transfer petition, sought that the matter be transferred to the Supreme Court, the Supreme Court has imposed a stay on any 'further proceedings' before the NGT in this matter. The NGT passed an order and held that interim proceedings could be continued notwithstanding the stay order imposed by the Supreme Court. This order has been challenged by our Company. Subsequently, the NGT has adjourned the matter. The matter before the NGT is currently pending.

6. Bhagyalaxmi Rolling Mill Private Limited has filed an application against LCL for execution of decree before the High Court of Bombay alleging breach of consent terms by the parties filed pursuant to which LCL was directed to pay ₹ 2.25 crore. The High Court of Bombay has passed an ad interim order of injunction restraining LCL from selling, transferring, alienating, assigning or disposing off or from creating any third party rights in any manner on its movable and immovable property. The matter is currently pending.

7. Kalburgi Cement Private Limited has filed an application against LCL for execution of decree before the High Court of Bombay alleging breach of consent terms by the parties filed pursuant to which LCL was directed to pay ₹ 1.99 crore. The High Court of Bombay has passed an ad interim order of injunction restraining LCL from selling, transferring, alienating, assigning or disposing off or from creating any third party rights in any manner on its movable and immovable property. The matter is currently pending.

8. Nilanjan Mitter and Anajan Mitter (the "**Petitioners**") have each filed execution petitions before High Court of Bombay against LCL, Union Bank of India and others alleging *inter alia*, non-payment of amount of ₹ 2.73 crore and ₹ 2.98 crore awarded to the Petitioners as arbitral award, respectively. The High Court of Bombay has passed an ad-interim order directing Union Bank of India to ensure amount involved as arbitral award to be transferred such amount to a separate account with no lien. The matter is currently pending.

9. Amey Ashok Deshpande and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring approximately 12 hectares 58 ars bearing survey numbers 45/1/2/1, 45/1/2/2, 89/1+2, 106/1 and 125/1/1 of village Dasve, alleging *inter alia,* invalid sale of the aforementioned land to LCL by the other

Defendants. The Plaintiffs have sought an order to declare that such sale is not binding on them since their right as the legal heirs of the original owners of the land have not been considered while execution of the sale deeds. The matter is currently pending.

10. Anil Babulalji Chopra (the "**Plaintiff**") has filed a suit before Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 1.66 hectares situated at village Sakhari, taluka Mulshi, district Pune, bearing survey number 37/1, alleging *inter alia,* invalid sale of the aforementioned land to LCL by the other Defendants, which were initially sold to the Plaintiff. The Plaintiff has sought an order to declare that such subsequent sale is not binding on him. The Civil Judge has passed a temporary injunction restraining the Defendants from creating any third party interest in the suit land till the disposal of the suit. The matter is currently pending.

11. Anil Babulalji Chopra (the "**Plaintiff**") has filed a suit before Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 3.08 hectares situated at village Sakhari, taluka Mulshi, district Pune, bearing survey numbers 9 hissa number 4, 18 hissa number 13, 29 hissa number 4, 30 hissa number 1+2, 48 hissa number 5, 26 hissa number 6, 24 hissa number 3 and 52 hissa number 18, alleging *inter alia,* invalid sale of the aforementioned land to LCL by the other Defendants, which were initially sold to the Plaintiff. The Plaintiff has sought an order to declare that such subsequent sale is not binding on him. Further, the Plaintiff has sought an injunction restraining the Defendants from creating any third party interest in the suit land. The matter is currently pending.

12. Anubai Sopan Yenpure and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the lands bearing survey numbers 4/2, 7/1, 44/3, 57/8, 68/2/1, 68/2/2, 68/2/3, 70/2/3/2 and 97/3 of village Dhamanohol, taluka Mulshi, district Pune alleging *inter alia*, invalid sale of the aforementioned land to LCL by two of the other Defendants. The Plaintiffs have sought an order for declaring them the sale deeds executed between Defendants as null and void. The matter is currently pending.

13. Arun Govind Polekar (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 3.84 hectares situated at village Palse, taluka Mulshi, district Pune, bearing survey numbers 34/7+9 F, 48/6 F, 48/7 F, 56/3+4 P/4 F, 60/2 F alleging *inter alia,* sale of the aforementioned land to LCL by the other Defendants to be null and void. The Plaintiff has further prayed that the Court grant possession of the suit lands in favour of the Plaintiff. The matter is currently pending.

14. Bamabai Margale and others (the "**Plaintiffs**") have filed a special civil suit before the Civil Judge, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 06 hectares 73 ars at survey number 30/4 in village Mugaon. LCL had purchased the aforementioned land from two of the Defendants, Jagu Gangu Margale and Sonu Gangu Margale. The Plaintiffs have argued that the land had been allocated to one Bhoru Lakhu Margale, while the name of the Defendants had been recorded as an error. Hence, the Plaintiffs have prayed that all subsequent transactions in relation to the land, including to LCL be cancelled. The matter is currently pending.

15. Bhikaji Tukaram Bhikule and others (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to land admeasuring 1.30 hectares situated at village Mugaon, taluka Mulshi, district Pune, bearing survey number 18, hissa number 5 and survey number 26, hissa number 10 alleging *inter alia*, sale of the aforementioned land to LCL by the other Defendants to be null and void. The Civil Judge has passed an interim injunction restraining LCL from interfering with the peaceful possession of the Suit Land by the Plaintiff and from creating any third party interest over the suit lands. The matter is currently pending.

16. Bhikaji Bhikule and others (the "**Plaintiffs**") have filed a civil suit before the Civil Judge, Pune against LCL and others in relation to the land at survey number 66/1 at village Mugaon alleging *inter alia,* attempt by LCL to encroach the aforementioned land by seeking to lay a road over the share of the land owned by the Plaintiffs. The Civil Judge passed an order rejecting the interim injunction application of the Plaintiffs. The matter is currently pending.

17. Biru Kondu Bavdhane (the "**Plaintiff**") has filed a suit before the Civil Judge, Junior Division, Pune against LCL and others in relation to the land admeasuring 00 hectares 20.2 ars bearing survey numbers 43/1 d of village Mugaon alleging *inter alia*, invalid sale of the aforementioned land to LCL by the other

Defendants. The Plaintiff has sought cancellation of the sale deed in favour of LCL. The matter is currently pending.

18. Chababai Padwal and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 1 hectare 28 ars bearing survey numbers 19/7, 26/5/1, 35/5 and 37/3 of village Palase alleging *inter alia,* invalid sale of the aforementioned land to LCL by the other Defendants. The Plaintiffs have sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

19. Datta Kondiba alias Kondu Kokare and others (the "**Plaintiffs**") have filed a suit before the Civil Judge Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 5.6656 hectares situated at village Mugaon bearing survey number 50/3 alleging that the sale of the aforementioned land to LCL is null and void. The Plaintiffs have sought a declaration that they are the owners of the land. The matter is currently pending.

20. Devrao Bhivrao Pasalkar (the "**Plaintiff**") has filed a suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to land bearing gat nos. 17, 23, 48, 54, 71, 87, 92, 98, 100, 105, 106, 111, 137, 226, 235, 243, 255 and 257 of village Mose alleging that the sale of the aforementioned land to LCL is invalid. The Plaintiff has sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

21. Gena Ramaji More (the "**Plaintiff**") has filed a civil suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to land admeasuring 1 hectare 65 ars bearing survey numbers 63/1, 65/1 and 67/1 of village Dasve alleging *inter alia,* invalid sale of the aforementioned land to LCL. The matter is currently pending.

22. Hausabai Kisan Gawde and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 12 hectares 94 ars bearing survey numbers 18/1/A, 48/1, 49/5, 50/2 and 51/7 in village Dasve alleging *inter alia,* sale of the aforementioned land to LCL by the other Defendants to be void ab initio. The Plaintiffs have sought a declaration that they are the owners of the land. The matter is currently pending.

23. Janabai Pasalkar and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Pune against LCL and others in relation to the land admeasuring approximately 00 hectares 52 ars at gat number 62 and 66 in village Varasgaon alleging *inter alia,* incorrect deletion of their names form the revenue records. The Plaintiffs have sought that their names be entered in the revenue records in respect of the aforementioned land claiming to be the legal heirs of the original owners of the land. The matter is currently pending.

24. Kisabai Polekar (the "**Plaintiffs**") and others have filed a suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to land bearing survey numbers 15/1, 22/1, 35/2, 47/4, 49/3, 50/2, 58/3 and 94/2 of village Dhamanohol alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

25. Kisan Narayan Dabade and another (the "**Plaintiffs**") have filed a suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to land bearing survey numbers 8/3 and 37/3 of village Sakhari alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

26. Kondiba Ughade (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 35/1/5 and 35/1/7 of village Gadale alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

27. Krishnaji Kulkarni (the "**Plaintiff**") has filed a suit before the Civil Judge, Pune against LCL and others in relation to the properties admeasuring 01 hectares 83 ars at survey number 15/5 and 15/6 in village Wadawali alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

28. Laxman Marane (the "**Plaintiff**") has filed a suit before the Civil Judge, Junior Division, Pune against LCL in relation to the land admeasuring 1 hectare 58.5 ars bearing survey numbers 12/2/2 of village Dasve alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

29. Leelabai Halande (the "**Plaintiff**") has filed a suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to the land situated at village Padalgar, taluka Mulshi, district Pune, bearing survey numbers 7/1+2 alleging *inter alia,* sale of the aforementioned land to LCL to be null and void. The Plaintiff has sought a perpetual injunction against LCL from obstructing his possession of the land. The matter is currently pending.

30. Leelabai Margale and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 31 and 36 of village Mugaon alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought relief against the alleged attempt of encroachment upon the land by LCL. The matter is currently pending.

31. Maruti Laxman Padwal (the "**Plaintiff**") has filed a suit before the Civil Judge, Junior Division, Pune against LCL and others in relation to the land bearing gat no. 185 of village Saiv Bk alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought cancellation of the sale claiming the land as his ancestral property. The matter is currently pending.

32. Nanda Polekar (the "**Plaintiff**") has filed a suit before the Civil Judge, Pune against LCL and others in relation to the land bearing survey number 59/3 in village Dhamanohol alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought cancellation of the sale claiming the land as her ancestral property. The matter is currently pending.

33. Nathu M. Kokare (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 35/1, 36/1, 38/2, 42/1+2,34/4 and 41/1 of village Dhamanhol alleging *inter alia,* the sale of the aforementioned land to LCL to include a share of his land, claiming to be a legal heir of the original owner in addition to the other Defendants. The Plaintiff has sought a partition of the land. The matter is currently pending.

34. Nathubai Sapkal (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division against LCL and others in relation to the land bearing gat no. 92 of village Warasgaon alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

35. Paresh Tanna (the "**Plaintiff**") filed a suit before the Civil Judge, Senior Division, Pune against LCL, Raghu Soma Gethale and others (the "**Defendants**") in relation to the land admeasuring 05 hectares 04 ars at village Sakhri, taluka Mulshi, district Pune bearing survey numbers 28/8, 48/6, 49/1, 49/3, 24/4 and 28/7 alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff sought a declaration that he is the sole and the rightful owner of the land. Further, the Plaintiff sought an injunction restraining the Defendants from creating any third party interest or encumbrances on the land and a mandatory injunction against the Defendants to hand over possession of the land to the Plaintiff. The Civil Judge passed an interim stay order in favour of the Plaintiff pursuant to which LCL has appealed against the same before the District Court, Pune. The matters are currently pending.

36. Pandurang B Ubhe and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to a property bearing survey numbers 127/1, 128/1, 129/1 and 130/1 of village Dasve alleging that the sale of the aforementioned land to LCL is invalid. The Plaintiffs have sought for cancellation of the sale deed in favour of LCL. Further, the Plaintiffs have filed an application under Order VII, Rule XI of the Civil Procedure Code, seeking rejection of plaint on the grounds of payment of improper court fee pursuant to which, the Civil Judge passed an order directing the Plaintiffs to pay the court fee. The Plaintiffs have filed an appeal in the High Court of Bombay against the order. The matter is currently pending.

37. Prajkata Deshmukh and another (the "**Plaintiffs**") have filed a suit before the Civil Judge, Junior Division, Pune against LCL and others in relation to the land admeasuring approximately 3 hectares 69.5 ars bearing survey numbers 17/1, 20/1 and 22/1 of village Bembatmal alleging *inter alia*, invalid sale of

the aforementioned land to LCL. The Plaintiffs have sought a declaration that they are the owners of the land. The matter is currently pending.

38. Ramchandra Laxman Jambhale and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring approximately 00 hectares 89 ars bearing survey numbers 29/3 and 30/8 of village Koloshi alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought a declaration that they are the owners of the land. The matter is currently pending.

39. Ramchandra Pasalkar and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**") in relation to suit property bearing gat no. 225 and 307 of village Saiv (Budruk) alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have claimed that they did not intend to sell their share but the Defendants had cheated them and executed the sale deed. The matter is currently pending.

40. Ramchandra Dhau Bavdhane and other (the "**Plaintiffs**") have filed a suit before the Civil Judge, Senior Division, Pune against Sama Kondu Margale and others (the "**Defendants**") in relation to the land at village Sakhari, taluka Mulshi, district Pune bearing survey numbers 38/1, 38/2, 39/2, 43/1/1, 43/2, 48/9, alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought for cancellation of the sale deed in favour of LCL. The Civil Judge passed an interim injunction restraining LCL *inter alia*, from interfering with the peaceful possession, changing the nature of the suit land of the Plaintiff and from creating any third party interest over the suit lands. The matter is currently pending.

41. Sakharam Pasalkar (the "**Plaintiff**") has filed a suit before the Civil Judge, Pune in relation to the property at gat no. 7, 37 and 72 at village Mugaon alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for cancellation of the sale deed in favour of LCL. The matter is currently pending.

42. Samir Warghade and Ganesh More (the "**Plaintiffs**") have filed a suit before the Civil Judge, Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 80/1 of village Dasave alleging *inter alia,* encroachment by LCL and the sale of the aforementioned land to LCL to be invalid. The Plaintiff has sought a restraining order against the alleged encroachment of LCL. The matter is currently pending.

43. Shankar Bhau Margale (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land situated at village Dasve bearing survey number 53/4, 117/1, 118/1 alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for cancellation of the sale deed in favour of LCL. The matter is currently pending.

44. Shashikant Deshpande (the "**Plaintiff**") has filed a suit bearing before the Civil Judge, Pune against LCL and others in relation to the land admeasuring approximately 00 hectares 78 ars bearing survey numbers 17/1, 20/1 and 22/1 of village Bembetamal alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought cancellation of the sale claiming the land as his ancestral property. The matter is currently pending.

45. Sheela Athyanthaya (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to suit property admeasuring 00 hectares 30 ars bearing gat no. 227 of village Mose alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for cancellation of the sale deed in favour of LCL. The matter is currently pending.

46. Shilabai Pasalkar and another (the "**Plaintiffs**") have filed a suit before Civil Judge, Junior Division, Pune against LCL and others in relation to properties bearing survey numbers 3/2A and 5/2A of Koloshi and 8/1 of Ugawali alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought an order for cancellation of the sale deed in favour of LCL. The matter is currently pending.

47. Suryakant Thakkar (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 10.46 hectares situated at village Ugavali bearing survey number 7/1 alleging *inter alia,* invalid sale of the aforementioned land to LCL by the other Defendants, which were initially sold to the Plaintiff. The Plaintiff has sought an order to declare that such subsequent sale is not binding on him. The matter is currently pending.

48. Vasanti Dattaram Gorad (the "**Plaintiff**") has filed three suits before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land situated at village Dhamanohol, bearing survey number 136, hissa no. 3, survey number 2 hissa no. 4, survey number 29 hissa no. 6 and survey number 30 hissa no.3 of land in village Koloshi, taluka Mulshi, district Pune alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought an order for cancellation of the sale deed in favour of LCL and a permanent injunction against LCL from carrying out any construction and from selling or creating any third party interest in the suit property. The matter is currently pending.

49. Vasanti Gorad (the "**Plaintiff**") has filed a suit before the Civil Judge, Pune against LCL and others in relation to the sale of the land bearing survey number 30/2, 44/2, 56/1, 12/2, 31/1 and 120/2 in village Dhamanohol alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought an order for cancellation of the sale deed in favour of LCL. The matter is currently pending.

50. Vasanti Gorad (the "**Plaintiff**") has filed a suit before the Civil Judge, Pune against LCL and others in relation to the sale of the land bearing survey number 52/1/2/3, 92/2, 100/5, 30/2, 44/2, 56/1, 58/2, 121, 137/6, 28/3, 53/7, 57/6 and 134/1 in village Dhamanohol alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought an order for cancellation of the sale deed in favour of LCL. The matter is currently pending.

51. Vijay Shantaram More (the "**Plaintiff**") has filed a suit before the Civil Judge, Junior Division, Pune against LCL in relation to land admeasuring approximately 01 hectares 91 ars bearing survey numbers 40/5+6+7 in village Dasve alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought an order for cancellation of the sale deed in favour of LCL. The matter is currently pending.

52. Yashodabai Raghu Yadav (the "**Plaintiff**") has filed a suit before the Civil Judge, Pune against LCL and others (the "**Defendants**") in relation to the land bearing gat no. 226, 241, 242, 265, 267, 275, 277, 279, 281 and 291 of village Saiv alleging *inter alia,* the sale of the aforementioned land to LCL to include a share of his land, claiming to be a legal heir of the original owner in addition to the other Defendants. The Plaintiff has sought a partition of the land. The matter is currently pending.

53. Yeshwant Sopan Shedge (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 4.01 hectares bearing no. 92/1 situated at village Dhamanohol alleging *inter alia,* invalid sale of the aforementioned land to LCL by the other Defendants, which was initially sold to the Plaintiff. The Plaintiff has sought an order to declare that such subsequent sale is not binding on him. The matter is currently pending.

54. Zima Rama Margale and others (the "**Plaintiffs**") have filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring approximately 06 hectares 07.3 ars bearing survey number 30/1 of Mugaon alleging *inter alia,* incorrect recording of names in the revenue records. The Plaintiffs have sought cancellation of all subsequent sale deeds, including the sale deed in favour of LCL. The matter is currently pending.

55. Sheelabai Pasalkar (the "**Plaintiff**") has filed a suit before the Civil Judge Pune against LCL in relation to the land bearing survey numbers 3/2A, 5/2A of village Koloshi and 8/1 of village Ugawali alleging *inter alia,* invalid sale of the aforementioned land to LCL claiming to be a legal heir of the original owner of the land. The Plaintiff has sought for cancellation of the sale deed in favour of LCL. The matter is currently pending.

56. Shivaji Pasalkar (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land admeasuring 04 hectares 40 ars out of land bearing Gat No. 99 of village Mose Bk alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought a restraining order against LCL from development on the land and creating third party interest. The matter is currently pending.

57. Raghunath Shedge and Vimal Dattatrya More (the "**Plaintiffs**") have filed a suit before Civil Judge Junior Division Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey number 25 and 27 of village Mugaon taluka Mulshi alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for cancellation of the sale deed in favour of LCL. The matter is currently pending.

58. Laxmibai Chandrakant Walujkar and others (the "**Plaintiff**") has filed a suit before Civil Judge Junior Division Pune, against LCL and others (the "**Defendants**") in relation to the land bearing G. No. 275 of village Mose alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for cancellation of the sale deed in favour of LCL. The matter is currently pending.

59. Chandrabhaga Owhal and others (the "**Plaintiffs**") have filed a suit before Civil Judge Junior Division Pune, against LCL and others (the "**Defendants**") in relation to the land bearing survey number 136 of village Dasve alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought cancellation of the sale claiming the land as their ancestral property. The matter is currently pending.

60. Rajendra Pasalakr (the "**Plaintiff**") has filed a suit before Civil Judge Junior Division Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey number 62 of Bhoini alleging *inter alia,* invalid sale of the aforementioned land to LCL claiming to be a legal heir of the original owner of the land. The Plaintiff has sought cancellation of sale deeds in favour of LCL and a restraining order against LCL from development on the land and creating third party interest. The matter is currently pending.

61. Ramchandra J Pasalkar (the "**Plaintiff**") has filed a suit before Civil Judge Junior Division Pune, against LCL and others (the "**Defendants**") in relation to the land G. No. 95 of village Mose alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

62. Jitendra Manik Hanamghar (the "**Plaintiff**") has filed a suit (no.923/3014) before Civil Judge Junior Division Pune, against LCL and others (the "**Defendants**") in relation to the land bearing survey number 4 and 82 of village Saiv alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

63. Vasanti Gorad (the "**Plaintiff**") has filed a suit before Civil Judge Junior Division Pune, against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 30/2, 44/2, 56/1, 58/1, 121/1, 137/16 of village Dhamanohol alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

64. Sindhubhai Ganesh Shedge (the "**Plaintiff**") has filed a suit before Civil Judge Junior Division Pune, against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 80/1/1, 44/2, 23, 34/1, 38, 14/4/1 of village Mose alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

65. Sopan Rajaram and others (the "**Plaintiffs**") have filed a suit before Civil Judge Junior Division Pune, against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 17, 77, 83, 94, 101, 108, 110, 111 of village Gadle alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought for the cancellation of the sale deed in favour of LCL. The matter is currently pending.

66. Dinkar Tukaram (the "**Plaintiff**") has filed a suit before the Civil Judge, Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 19/2, 40/1, 40/5+6+7, 48/8, 48/5, 42/4/2,43/1, 51/3 of village Dasve alleging *inter alia,* the sale of the aforementioned land to LCL to include a share of his land, claiming to be a legal heir of the original owner in addition to the other Defendants. The Plaintiff has sought a partition of the land. The matter is currently pending.

67. Zingaji Sama Margale (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 50/3, 53/5, 76/1 of village Admal alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiff has sought a restraining order against LCL from development on the land and creating third party interest. The matter is currently pending.

68. Lilabai Ganpat Shedge (the "**Plaintiff**") has filed a suit before the Civil Judge, Senior Division, Pune against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 75/12, 8/9,

8/2, 76/4. 7/1, 85/1, 84/2, 64/2, 64/11, 75/17, 78/6, 62/5, 54/5, 55/1, 84/4, 67/1 of village Admal alleging *inter alia,* the sale of the aforementioned land to LCL to include a share of his land, claiming to be a legal heir of the original owner in addition to the other Defendants. The Plaintiff has sought a partition of the land. The matter is currently pending.

69. Jijabai Baban Pasalkar (the "**Plaintiff**") has filed a suit before Civil Judge Junior Division Pune, against LCL and others (the "**Defendants**") in relation to the land bearing survey numbers 7/4, 7/11, 63/4 of village Admal alleging *inter alia,* invalid sale of the aforementioned land to LCL. The Plaintiffs have sought an injunction restraining the Defendants from creating any third party interest in the land. The matter is currently pending.

70. Jenjon Retail & Services Private Limited (the "**Plaintiff**") has filed a regular civil suit before the Civil Judge, Junior Division, Pune against LCL and others (the "**Defendants**"). The Plaintiff has sought that the Defendants be prevented from creating any third party rights on the premises or obstructing the Plaintiff in carrying out its activities therein. The matter is currently pending.

E. Revenue proceedings against LCL

1. Bamabai Margale and others (the "**Applicants**") have filed a revenue case before the Tahsildar, Mulshi against LCL and others in relation to the land admeasuring 06 hectares 73 ars at survey number 30/4 in village Mugaon alleging *inter alia,* the aforementioned land to have been allotted to them under the provisions of the Maharashtra Agricultural Lands (Ceiling on Holdings) Act, 1961. The matter is currently pending.

2. Kundlik Kashinath Kale has filed an application before the Tahsildar, Mulshi against LCL in relation to land bearing survey number 136/7 of Dhamanohol. for defining its share. The matter is currently pending.

3. Sagubai Margale has filed an application before the Tahsildar, Mulshi in relation to land bearing survey numbers 29/1, 30/1 and 41/1 of village Bhoini under section 155 of the Maharashtra Land Revenue Code, 1966 alleging *inter alia,* wrongful recording of names in the revenue records in the aforementioned land. The matter is currently pending.

4. Zima Rama Margale and others (the "**Applicants**") have filed a revenue case before the Tahsildar, Mulshi against LCL and others in relation to the land admeasuring 06 hectares 73 ars at survey number 30/1 in village Mugaon. The Applicants have alleged that the said land was allotted to them under the provisions of the Maharashtra Agricultural Lands (Ceiling on Holdings) Act, 1961. The matter is currently pending.

5. Noshiye Marfatiya and others (the "**Applicants**") have filed an application before the Sub Divisional Officer, Maval against LCL and others (the "**Respondents**") in relation to a property admeasuring 03 hectares 9.36 ars out of the property bearing survey number 15/1A of village Padalghar seeking for addition of their names in the revenue records for the aforementioned land. The matter is currently pending.

6. Popat Pasalkar (the "**Applicant**") has filed an application before the Tahasildar, Mulshi against LCL and others (the "**Respondents**") in relation to the land bearing survey number 71/1 of village Mugaon alleging *inter alia,* incorrect revenue records. The Tahasildar has passed an order to rectify the revenue records. The matter is currently pending.

7. Kundalik Kale (the "**Applicant**") has filed an application before the Tahasildar, Mulshi against LCL and others (the "**Respondents**") in relation to the land bearing survey number 136/7 of village Dhamanohol alleging *inter alia,* wrongful deletion of the name of his predecessors from the revenue record at the time of rewriting of 7/12. The Applicant has sought for rectification of the revenue records. The matter is currently pending.

8. Dynoba Bhikule (the "**Applicant**") have filed an application before the Tahasildar, Mulshi against LCL and others (the "**Respondents**") in relation to the land bearing survey number 66/1 of village Mugaon alleging *inter alia,* that his share of land was not mentioned against his name in the 7/12. The Applicants have for rectification of 7/12 extract. The matter is currently pending.

9. Mahadu Bhikule (the "**Applicant**") have filed an application before the Tahasildar, Mulshi against LCL and others (the "**Respondents**") in relation to the land bearing survey number 25 of village Mugaon alleging *inter alia,* wrongful deletion of the Applicant's name from the revenue record. The Applicant has sought. The matter is currently pending.

10. The Sub Divisional Officer, Maval has initiated suo-moto enquiry for alleged purchase of tribal land by LCL, said inquiry is for properties bearing S. No. 41/1, 50/12, 39/3, 39/5, 50/10, 39/2, 50/6, 41/3, 50/7, 50/8, 50/9, 39/1, 39/4 and 41/2 of Village Mugaon, Taluka Mulshi. The matter is currently pending.

11. Narayan Ganu Polekar (the "**Appellant**") has filed a second appeal against LCL and others against an order of Sub Divisional Officer, Maval in relation to land admeasuring 01 hectare in property bearing survey number 39/1 of village Gadale alleging *inter alia,* wrongful sale of the aforementioned land to LCL. The matter is currently pending.

12. Ashok Pasalkar (the "**Applicant**") have filed an application before the Sub Divisional Officer, Maval against LCL and others (the "**Respondents**") in relation to survey number 213 of village Saiv alleging wrongful addition of the name of LCL in the 7/12 extract. The matter is currently pending.

13. Ashok Patil (the "**Appellant**") has filed this appeal before the Sub Divisional Officer, Maval against LCL and others in relation to an area admeasuring 00 hectares 40 ars in the property bearing survey number 37/7 at village Pathrshet alleging *inter alia,* wrongful addition of the name of LCL in the revenue records. The Appellant has sought to record his name in the revenue records for the said property. The matter is currently pending.

14. Dhondiba Bhaguji Margale and others (the "**Appellants**") have filed an appeal against LCL and others (the "**Respondents**") before the Sub Divisional Officer, Maval in relation to the land admeasuring 05 hectares 87 ars in the property bearing survey number 35/1 at village Dhamanohol alleging *inter alia,* wrongful addition of the name of LCL in the revenue records. The Appellant has sought to record his name in the revenue records for the said property. The matter is currently pending.

15. Aba Dhondu Margale (the "**Appellant**") has filed an appeal before the Sub Divisional Officer, Maval against LCL and others in relation to the land bearing survey number 55/1 in village Bhoini admeasuring 5 hectares 91 ars alleging *inter alia,* wrongful addition of the name of LCL in the revenue records. The Appellant has sought to record his name in the revenue records for the said property. The matter is currently pending.

16. Kondu Sagu Margale (the "**Applicant**") has filed a revision application before the Sub Divisional Officer, Maval against LCL in relation to land admeasuring 06 hectares 73 ars bearing survey number hissa no.3 of village Mugaon. alleging *inter alia,* wrongful addition of the name of LCL in the revenue records. The Appellant has sought to record his name in the revenue records for the said property. The matter is currently pending.

17. Prajakata Deshmukh and another (the "**Appellants**") have filed appeals before the Sub Divisional Officer, Maval against LCL and others in relation to land admeasuring approximately 03 hectares 69.5 ars out of the property bearing survey numbers 17/1, 20/1 and 22/1 of village Bembatmal alleging *inter alia,* wrongful addition of the name of LCL in the revenue records. The Appellant has sought to record his name in the revenue records for the said property. The matter is currently pending.

18. Shashikant Deshpande has filed an appeal before the Sub Divisional Officer, Maval against LCL and others in relation to land admeasuring 00 hectares 78 ars properties bearing survey number 17/1, 20/1 and 22/1 of village Bembatmal to get the mutation of his name for the aforementioned land. The matter is currently pending.

19. Radhabai Pasalkar (the "**Applicant**") has filed appeals before the Sub Divisional Officer, Maval against LCL and others (the "**Respondents**") challenging an order passed by the Tahsildar in relation to land admeasuring 1 hectare 05 ars out of the property bearing survey numbers 45/1, 58/7, 82/3, 118/2 and 136/8 of village Dhamanohol seeking addition of their name in the revenue record. The matter is currently pending.

20. Kisan Waghu Pawar and another person has filed RTS appeal against LCL for property bearing survey

number 133/1 of Village Dasve alleging *inter alia*, wrongful deletion of the name of the predecessors from the revenue records. The Applicants have sought addition of the name of their predecessors.

21. Narayan Agro Private Limited (the "**Applicant**") has filed RTS appeal against LCL before Deputy Election Officer in relation to the property 47/1+2 of village Temghar alleging *inter alia*, to be the owners of the land held by LCL. The Applicant has sought for cancellation of ownership of LCL.

22. The State of Maharashtra, through the Sub Divisional Officer, Bhor, has initiated a *suo motu* revenue inquiry against LCL alleging that LCL has not paid the nazrana on the purchase of certain Class II lands. LCL has been asked to pay 75 percentof the current market price as nazrana. The matter is currently pending.

23. Maruti Padwal and others (the "**Appellants**") have filed an appeal before the Sub Divisional Officer, Bhor against LCL and others in relation to land bearing gat no. 185 in village Saiv, Taluka Velhe. The matter is currently pending.

24. Rajendra Pasalkar (the "**Applicant**") who is a co-owner with LCL in property bearing Gat No. 7 of Village Mose, has filed an application before the Tahsildar Velha seeking for partition of said property. LCL has filed its reply objecting to the same. The matter is pending.

25. Bandu Tukaram Chorge (the "**Applicant**") has filed an application in relation to the property bearing Gat No. 169 of village Saiv, has filed an application before the Tahsildar Velha. LCL has filed its reply objecting to the same. The matter is pending.

26. Vitthal Dagdu Pandit and others (the "**Applicants**") have filed a revision application before the Sub Divisional Officer, Maval against LCL in relation to land bearing survey number 62 at village Bhoini, Taluka Mulshi, District Pune alleging illegal purchase of land by LCL. The Applicants have sought a declaration that the order of mutation no. 502 be declared illegal. The Sub Divisional Officer passed an order against LCL pursuant to which LCL has filed an appeal before the Collector. The matter is currently pending.

27. Arjun Damgude (the "**Appellant**") has filed an appeal before the Sub Divisional Officer, Maval against LCL and others (the "**Respondents**"), in relation to land bearing an area admeasuring 00 hectares 43 ars at survey number 60/9 of village Palse alleging *inter alia*, wrongful certification of mutation entry in respect of the aforementioned land. The Appellant has sought that the mutation in the name of LCL be cancelled and that his name be entered in the revenue records by way of mutation. The Sub Divisional Officer passed an order against LCL pursuant to which LCL has filed an appeal before the Collector, Pune. The matter is currently pending.

28. Nandkumar Agarwal has filed an appeal before the Sub Divisional Officer, Maval against LCL in relation to land bearing survey number 60 in village Mugaon. The Sub Divisional Officer passed an order against LCL pursuant to which LCL has filed an appeal before the Collector. The matter is currently pending.

29. Shantidevi Agarwal has filed an appeal before the Sub Divisional Officer, Maval against LCL in relation to a property bearing survey number 60 in village Mugaon. The Sub Divisional Officer passed an order against LCL pursuant to which LCL has filed an appeal before the Collector. The matter is currently pending.

30. Anil Agarwal has filed an appeal before the Sub Divisional Officer, Maval against LCL in relation to a property bearing survey number 60 in village Mugaon. The Sub Divisional Officer passed an order against LCL pursuant to which LCL has filed an appeal before the Collector. The matter is currently pending.

31. Nareshkumar Agarwal has filed an appeal before the Sub Divisional Officer, Maval against LCL in relation to a property bearing survey number 60 in village Mugaon. The Sub Divisional Officer passed an order against LCL pursuant to which LCL has filed an appeal before the Collector. The matter is currently pending.

32. Rajkumar Agarwal has filed an appeal before the Sub Divisional Officer, Maval against LCL in relation to a property bearing survey number 60 in village Mugaon. The Sub Divisional Officer passed an order

against LCL pursuant to which LCL has filed an appeal before the Collector. The matter is currently pending.

33. Vinodkumar Agarwal has filed an appeal before the Sub Divisional Officer, Maval against LCL in relation to a property bearing survey number 60 in village Mugaon. The Sub Divisional Officer passed an order against LCL pursuant to which LCL has filed an appeal before the Collector. The matter is currently pending.

34. The State Government through Additional Collector Pune has initiated inquiry against LCL alleging purchase of land bearing S. No. 34/2/D of Village Mugaon without permission allotted as per provision Section 29 (3) of Maharashtra Agricultural land Ceiling on holding Act.

35. The State Government through Additional Collector Pune has initiated inquiry against LCL alleging purchase of land bearing S. No. 40/2/B of Village Mugaon without permission allotted as per provision Section 29 (3) of Maharashtra Agricultural land Ceiling on holding Act.

Other proceedings

Certain other proceedings have been filed against LCL whereby certain individuals have sought refund of amounts in relation to *inter alia,* consumer complaints and proceedings under Real Estate (Regulation and Development) Act, 2016.

Litigation by LCL

A. Matters which are pending or which have arisen in the immediately preceding ten years involving issues of criminal liability by our Company

1. LCL has filed a complaint before the Judicial Magistrate, First Class, and Pune against Reji Thomas (the "**Accused**") under various provisions of Indian Penal Code, 1860 and Information Technology Act, 2000 alleging *inter alia,* defamation by the Accused. The matter is currently pending.

2. LCL has filed a complaint before the Judicial Magistrate, First Class, Pune against Baban Dhondu Dalvi and others (the "**Accused**") under Sections 425, 427, 465, 471, 447, 504 and 506 read with Sections 120B and 34 of the Indian Penal Code, 1860 alleging *inter alia,* forgery of title documents purporting to be owners of the property owned by LCL, criminal trespass of property owned by LCL and criminal intimidation. The matter is currently pending.

3. LCL has filed a criminal revision complaint before the District and Sessions Judge, Pune against Reji Thomas and another (the "**Respondents**") challenging the issuance of process by the Judicial Magistrate, First Class, Pune in RCC no. 3557 of 2013 filed by Reji Thomas. The said Reji Thomas was operating and managing a coffee shop on premises owned by LCL by virtue of an agreement with LCL. Upon the expiry of the agreement, LCL recovered possession of the premises, against which the Respondents have alleged that they have been forcefully dispossessed of the premises and their belongings. The matter is currently pending.

B. Insolvency Proceedings

1. LCL has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against Expat Properties (India) Limited. The amount involved in the matter is ` 4.32 crores. The matter is currently pending.

C. Civil Proceedings

1. LCL and others (the "**Plaintiffs**") have filed a suit before Civil Judge Junior Division Pune, against Dhaklu Rambhau Zore and others (the "**Defendants**") in relation to the land bearing survey numbers 74/1 of village Bhoini alleging *inter alia,* encroachment of land by the Defendants. The Plaintiffs have sought for injunction against the Defendants. The Defendants have filed an appeal before the District and Sessions Court. The matter is currently pending.

2. LCL has filed a suit before the Civil Judge, Senior Division, Pune against Reji Thomas and another (the "**Defendants**") alleging *inter alia,* defamation by the Defendants. LCL has sought a permanent injunction restraining the Defendants from making or circulating any defamatory statements about Lavasa. The matter is currently pending.

3. LCL has filed a writ petition before the High Court of Bombay against the Ministry of Environment and Forests, Union of India ("**MoEF**"); the Ministry of Environment, State of Maharashtra; and others, challenging the validity of the show cause notice dated November 25, 2010 issued by the MoEF ("**MoEF Notice**"). Under the MoEF Notice, LCL had been directed to show cause as to why the unauthorised structures, erected without an environmental clearance from the MoEF, should not be removed. Further, LCL had been directed to maintain status quo in relation to construction and development of the hill station project on the grounds that LCL had not obtained environmental clearance from the MoEF under the EIA Notifications. Subsequently, the MoEF issued an order dated December 14, 2010 directing that status quo be maintained on the project land. LCL has challenged the constitutional validity of the EIA Notifications. LCL has claimed that the EIA Notification, 1994 and 2006 is not applicable to the extent of the land admeasuring 2,000 hectares for which an environmental clearance dated March 18, 2004 had been obtained from the Government of Maharashtra. LCL has sought that the MoEF Notice and the subsequent order by the MoEF dated December 14, 2010 be quashed and set aside, and that the EIA Notifications be held *ultra vires* the Constitution of India and the Environment (Protection) Act, 1986. Further, LCL has sought pending the final disposal of the present petition, the impugned MoEF Notice and order dated December 14, 2010, be stayed. The High Court of Bombay has passed an order admitting the writ petition. The matter is currently pending.

4. LCL has filed a writ petition before the High Court of Bombay against the Ministry of Environment and Forests, Union of India ("**MoEF**"); the Ministry of Environment, State of Maharashtra; and three others, challenging the order dated January 17, 2011 issued by the MoEF. The order, *inter alia*, held that LCL had undertaken the development of the hill station project without obtaining the necessary environmental clearance from the MoEF as required under the EIA Notifications. LCL has claimed that the impugned order dated January 17, 2011 is without jurisdiction and in breach of the principles of natural justice. Further, LCL has submitted that the EIA Notifications are not applicable to the extent of the land admeasuring 2,000 hectares for which an environmental clearance has been obtained from the Government of Maharashtra. LCL has sought the order dated January 17, 2011 be quashed and set aside. The matter is currently pending.

5. LCL has filed a writ petition before the High Court of Bombay against the Ministry of Environment and Forests, Union of India ("**MoEF**"); the Ministry of Environment, State of Maharashtra; and others, for a declaration that LCL had been granted or has deemed to have been granted an environmental clearance to the extent of 2000 hectares for the project on the basis of the recommendations of the Expert Appraisal Committee of the MoEF, which were accepted by MoEF. LCL has argued that since it has complied with the preconditions set out by the MoEF, the status-quo imposed by the MoEF be vacated and a formal environmental approval be granted to the project. Subsequently, the MoEF on November 9, 2011 granted an environmental clearance to the extent of 2000 hectares for the project. The matter is currently pending.

6. LCL has filed an appeal before the National Green Tribunal, New Delhi (the "**NGT**") against the Ministry of Environment and Forests, Union of India ("**MoEF**") and the Ministry of Environment, State of Maharashtra, challenging some of the conditions prescribed in the environmental clearance order dated November 9, 2011 issued by the MoEF (the "**EC Order**"), which were based upon the report of the K.T. Ravindran Committee dated October 25, 2011. LCL has argued that some of the conditions laid out in the EC Order, including one pertaining to provision of five percent of the total project cost for corporate social responsibility activities, are of a vague and indeterminate nature. The NGT has passed an order directing that the appeal be kept sine- die. The matter is currently pending.

7. LCL has filed a transfer petition before the Supreme Court under Article 139A of the Constitution of India against Dyaneshwar Vishnu Shedge; the Ministry of Environment and Forests, Union of India ("**MoEF**") and the Maharashtra Pollution Control Board ("**MPCB**"), seeking transfer of an appeal filed by Dyaneshwar Vishnu Shedge (the "**Appeal**") before the National Green Tribunal, New Delhi ("**NGT**") to the Supreme Court. The Supreme Court has passed an order imposing a stay on any further proceedings before the NGT in connection to the Appeal. The matter is currently pending.

8. LCL has filed a civil appeal before the Supreme Court against Dynaeshwar Vishnu Shedge; the Ministry

of Environment and Forests, Union of India ("**MoEF**"); and the Maharashtra Pollution Control Board ("**MPCB**"). LCL has filed this appeal being aggrieved by an order passed by the National Green Tribunal, New Delhi ("**NGT**") (the "**Order**") filed by Dyaneshwar Vishnu Shedge (the "**NGT Appeal**"). The Supreme Court had stayed 'further proceedings' before the NGT in relation to the NGT Appeal. The NGT, however, observed in the order that the stay order imposed would not affect the continuance of 'interim proceedings' in the NGT Appeal. LCL has submitted that the NGT cannot proceed with any interim proceedings in the NGT Appeal by bifurcating the Supreme Court order, and has prayed that the impugned NGT order be set aside. The matter is currently pending.

9. LCL has filed a contempt petition before the Supreme Court against Dyaneshwar Vishnu Shedge (the "**Respondent**") alleging an intentional breach of the stay order of the Supreme Court alleging that despite the aforementioned order, the Respondent approached the NGT for interim relief, and subsequently the NGT passed an order, observing that the stay order of the Supreme Court would not apply to 'interim proceedings'. LCL has sought that contempt proceedings be initiated against the Respondent for deliberate and wilful disobedience of the order of the Supreme Court. The matter is currently pending.

10. LCL has filed two writ petitions before the Bombay High Court against the State of Maharashtra and others (the "**Respondents**") seeking cancellation of demand notices issued by the Tahsildar, taluka Mulshi, for village Dasve and Mugaon. The Respondents have demanded the amount of ₹ 11.61 crore and ₹ 6.15 crore respectively, from LCL as royalty and penalty on the material excavated from the surface of the land for the purpose of construction of roads and pathways, under Section 48 of the Maharashtra Land Revenue Code, 1966. LCL has argued that the levy of such royalty is unconstitutional and illegal and Section 48 of the Maharashtra Land Revenue Code, 1966 is not applicable to LCL. LCL has prayed that the order of the Tahsildar be set aside and for a declaration that the Tahsildar does not have any authority to levy and demand such royalty from LCL. The writ petitions have been admitted and a stay has been granted by orders dated July 8, 2010 and August 16, 2010 respectively, against the Respondents from taking any coercive steps to recover penalty and royalty. The matters are currently pending.

D. Revenue proceedings

1. LCL has filed an appeal before the Additional Collector, Pune against Kisan Gopal Polekar (the "**Respondent**") in relation to a property at survey number 39/1 in village Gadale. The Respondent and others had challenged the transfer of the said property to LCL, among others, arguing that the said property was his ancestral property. The Sub Divisional Officer, Maval passed an order in favour of the Respondent, subsequent to which LCL has filed the present appeal. The matter is currently pending.

2. LCL has filed an appeal before the Additional Collector, Pune against Samir Warghade and others (the "**Respondents**") in relation to a property at survey number 80/1 in village Dasve alleging *inter alia,* incorrect revenue records in relation to the aforementioned land. The matter is still pending.

3. LCL has filed an appeal before the Additional Collector, Pune against the order of Sub Divisional Officer in relation to a property at survey number 16 in village Mugaon alleging *inter alia*, that the aforementioned land was wrongly mentioned as government land in the revenue records. LCL has sought the deletion of name of government from the 7/12 extract. The matter is still pending.

4. LCL has filed an appeal before the Additional Collector, Pune against the order of the Sub Divisional Officer in relation to a property at survey number 33/2, 40/1, 49/2 in village Sakhari claiming that their claim before the Sub Divisional Officer was not in limitation. The matter is still pending.

5. LCL filed an appeal before the Sub Divisional Officer, Maval against Baban Sonu Shedge and others (the "**Respondents**") challenging an order passed by the Tahsildar in relation to land bearing survey number 5/1, 11/1, 26/2, 43/1, 52/1+2+3, 73/3/1, 73/4, 88/3, 93/1, 119/1, 125/1 and 74/1 of village Dhamanohol alleging *inter alia,* incorrect revenue records in relation to the aforementioned land. The matter is currently pending.

6. LCL has filed an appeal before the Sub Divisional Officer, Maval against Ganpat Maruti Kadu and others (the "**Respondents**"), challenging an order passed by the Tahsildar in relation to an area admeasuring 01 hectare 96 ars in the property bearing survey numbers 8/10 of village Wadawali alleging *inter alia,* incorrect revenue records in relation to the aforementioned land. The matter is currently pending.

7. LCL has filed an appeal before the Sub Divisional Officer, Maval against Shadu Chapa Dabade and others (the "**Respondents**") challenging an order passed by the Tahsildar in relation to the land bearing survey number 74/1 of village Bhoini alleging *inter alia,* incorrect revenue records in relation to the aforementioned land. The matter is currently pending

8. LCL has filed an appeal before the Sub Divisional Officer, Maval against Shrirang Bahirat and others (the "**Respondents**") challenging an order of denial of recording of the name of the Respondents in revenue records for an area admeasuring 00 hectare 41 ars in the property bearing survey number 70/1 of village Mugaon alleging *inter alia,* incorrect revenue records in relation to the aforementioned land. The matter is currently pending.

9. LCL has filed an application before the Sub Divisional Officer, Maval against Tanaji Pasalkar and others (the "**Respondents**") in relation to an area admeasuring 01 hectares 24 ars in property bearing survey number 7/1 of village Mugaon alleging *inter alia,* incorrect revenue records in relation to the aforementioned land. The matter is currently pending.

10. LCL has filed an appeal before the Sub Divisional Officer, Maval against Suman Kale and others (the "**Respondents**"), challenging an order of the Tahsildar in relation to an area admeasuring 03 hectares 39 ars in the property bearing survey number 35/1 in village Dasave. The Tahsildar passed an order directing the mutation of the names of the Respondents in the revenue records pursuant to which the appeal was filed. The matter is currently pending.

11. LCL has filed an appeal before the Sub Divisional Officer, Maval against Janabai Pawale and other (the "**Respondents**") challenging an order of the Tahsildar in relation to an area admeasuring 03 hectares 39 ars in the property bearing survey number 7/1, 15/4, 20/2 of village Padalghar alleging *inter alia,* fraudulent sale of land. The matter is currently pending.

12. LCL has filed an appeal before the Sub Divisional Officer, Maval against Baban Bavdhane and others (the "**Respondents**") challenging an order of the Tahsildar in relation to an area admeasuring 03 hectares in the property bearing survey number 35/1/3/ of village Gadale alleging *inter alia,* incorrect revenue records in relation to the aforementioned land. The matter is currently pending.

13. LCL filed an appeal before the Sub Divisional Officer, Maval against Kisan Gopal Polekar and others, in relation to an area admeasuring 07 hectares 93 ars in the property bearing survey number 39/1 of village Gadale alleging *inter alia,* incorrect revenue records in relation to the aforementioned land. The matter is currently pending challenging an order of the Tahsildar. The matter is currently pending.

14. LCL has filed an appeal before the Sub Divisional Officer, Maval against Manik Bhorade and others, in relation to an area admeasuring 01 hectares 61 ars in the properties bearing survey numbers 17/3, 29/11, 30/4 and 29/5 of village Koloshi alleging *inter alia* incorrect revenue records in relation to the aforementioned land. The matter is currently pending.

15. LCL has filed an appeal before Sub Divisional Officer Maval against Priti Lulla and others in relation to land admeasuring 1 hectare 03 ars in the revenue records of the said property bearing survey number 41/2 of Village Bhoini alleging *inter alia* incorrect revenue records in relation to the aforementioned land. LCL has sought mutation of its name in the revenue records. The matter is currently pending.

16. LCL has filed an appeal before Sub Divisional Officer Maval, against certification of mutation in relation to land bearing survey number 80/1 of Dasve seeking cancellation of mutation entry in the revenue records in relation to the aforementioned land. This matter is currently pending.

17. LCL has filed an appeal before Sub Divisional Officer Maval, against certification of mutation in relation to bearing survey number 80/1 of Dasve seeking cancellation of mutation entry in the revenue records in relation to the aforementioned land. This matter is currently pending.

18. LCL has filed review application against order passed by Sub-Divisional Officer Maval in relation to land bearing survey number 55/2 of village Dhamanohol. The Sub- Divisional Officer had ordered to pay nazarana at a value of 75% of market value. LCL has sought to charge nazarana on consideration price of last sale deed.

19. LCL has filed review application against order passed by Sub-Divisional Officer Maval in 35/2011 in relation to the property bearing S. No.102/1/1 of Village Dasve. The Sub- Divisional Officer had ordered LCL to pay nazarana at a value of 75% of market value of the property. LCL has sought to charge nazarana on consideration price of last sale deed.

20. LCL has filed applications against order passed by Sub-Divisional Officer Maval in relation to the property bearing S. No. 39/3, 39/2, 41/2, 50/12, 50/9, 39/1, 41/3, 50/8, 39/4, 50/10, 50/7 of Village Mugaon. The Sub- Divisional Officer had ordered LCL to pay nazarana at a value of 75% of market value of the property. LCL has sought to charge nazarana on consideration price of last sale deed.

21. LCL has filed an appeal before the Sub Divisional Officer, Maval against Yenubai Vitthal Ubhe and others (the "**Respondents**") challenging an order passed by the Tahsildar in relation to an area admeasuring 04 hectares 35 ars in the properties bearing survey number 38/1 of village Dasve. The Respondents had moved an application before the Tahsildar alleging *inter alia,* wrongful addition of the name of LCL in the revenue records. The Sub Divisional Officer passed an order against LCL pursuant to which LCL has filed an appeal before the Collector. The matter is currently pending.

22. LCL has filed review application against order passed by Sub-Divisional Officer Maval in relation to property bearing survey number 34/2/A of village Mugaon. The Sub- Divisional Officer had ordered to pay nazarana at a value of 75% of market value of the property. LCL has sought to charge nazarana on consideration price of last sale deed.

23. LCL has filed review applications before the Additional Commissioner against order passed by Sub-Divisional Officer Maval in inquiry as per provision of Agricultural Land Ceiling on Holding Act in relation to land bearing survey numbers 50/7, 50/8, 50/9f, 39/2 , 39/4, 39/5 of Village Mugaon. The Sub-Divisional Officer had ordered to pay nazarana at a value of 75 % of market value. LCL has sought to charge nazarana on consideration price of last sale deed. The Collector had *suo moto* initiated an inquiry under Section 36 A of the Maharashtra Land Revenue Code pursuant to which the aforementioned land was declared as adivasi land and forfeited by the government to be allotted to the tribals. The matter is currently pending.

b. Litigation involving HREL

Litigation by HREL

A. Matters which are pending or which have arisen in the immediately preceding ten years involving issues of criminal liability by HREL

1. HREL (the "**Complainant**") filed a complaint before the 31st Metropolitan Magistrate, Vikhroli, (the "**Magistrate**") against M/s Gurukripa Realtors and its partners (the "**Accused**"). The Magistrate passed a direction to register the FIR under various provisions of the Indian Penal Code, 1860 alleging misrepresentation by the Accused to induce the Complainant to pay ₹ 32.37 crores for procuring, approximately, 200 acres of land at village Kavesar, Thane and siphoning off such money for their personal use, pursuant to a memorandum of understanding entered between the Complainant and the Accused. Further, the Magistrate issued a direction to the police to investigate the case under Section 156(3) of Code of Criminal Procedure, 1973. The police submitted its report pursuant to which HREL has filed a reply by way of a protest petition for rejection of the report and a fresh investigation. The matter is currently pending.

c. Litigation involving Steiner India

Litigation against Steiner India

A. Insolvency Proceedings

1. Raj Infrastructure Development India Private Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against Steiner India. The amount involved in the matter is ₹

1.57 crore. The matter is currently pending.

2. KL Crescent Infrastructure has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against Steiner India. The amount involved in the matter is ₹ 0.98 crore. The matter is currently pending.

B. Demand Notices under The Insolvency and Bankruptcy Code, 2016

1. ABL Infrastructure Private Limited has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against Steiner India demanding payment of an unpaid operational debt amounting to ₹ 2.65 crores. The matter is currently pending.

2. Deacon Infrastructure Private Limited has has issued a demand notice under The Insolvency and Bankruptcy Code, 2016 against Steiner India demanding payment of an unpaid operational debt amounting to ₹ 0.91 crores. The matter is currently pending.

d. Litigation involving Warasagaon Assets Maintenance Limited

Litigation against Warasagaon Assets Maintenance Limited

A. Insolvency Proceedings

1. Raj Infrastructure Development India Private Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against Warasagaon Assets Maintenance Limited. The amount involved in the matter is ₹ 3.72 crore. The matter is currently pending.

e. Litigation involving Dasve Convention Centre Limited

Litigation against Dasve Convention Centre Limited

A. Insolvency Proceedings

1. Highbrow Audio Visual Services Private Limited has filed an application under Section 8 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against Dasve Convention Centre Limited. The amount involved in the matter is ₹ 0.59 crore. The matter is currently pending.

2. Highbrow Production Services Private Limited has filed an application under Section 8 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against Dasve Convention Centre Limited. The amount involved in the matter is ₹ 0.42 crore. The matter is currently pending.

3. OasaAsia Pacific Pte. Limited (the "**Petitioner**") has filed a petition before the High Court of Bombay against Dasve Convention Centre Limited (the "**Respondent**") to restore the earlier company petition filed for winding up by the Petitioner against the Respondent. The amount involved in the matter is ₹ 1.26 crore. The matter is currently pending.

f. Litigation involving Warasgaon Tourism Limited

Litigation against Warasgaon Tourism Limited

A. Insolvency Proceedings

1. DDB Mudra Private Limited has filed an application under Section 9 of The Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal for the initiation of corporate insolvency resolution process against Warasgaon Tourism Limited. The amount involved in the matter is ₹ 0.52 crore. The matter is currently pending.

g. **Litigation involving Steiner AG**

1. Steiner AG has filed a civil action before the Commercial Court of Zurich, Switzerland (the "Court") against PSP Properties AG in the amount of approximately CHF 40,130,000 and LKAG in the amount of approximately CHF 18,355,000 claiming additional costs caused by planning errors and mistakes in tender documents. The matter is currently pending.

h. **Proceedings involving HCC Operations and Maintenance Limited and HCC Infrastructure Company Limited**

HCC Operations and Maintenance Limited (the "**Transferor**") and HCC Infrastructure Company Limited (the "**Transferee**") have filed an application before the National Company Law Tribunal under Section 230, 231, 232 of the Companies Act, 2013 for an amalgamation of the Applicants. The matter is currently pending.

Litigation involving our Joint Ventures

a. **Litigation involving Badarpur Faridabad Tollway Limited**

Litigation by Badarpur Faridabad Tollway Limited

Arbitration Proceedings

1. Badarpur Faridabad Tollway Limited (the "**Claimant**") has issued a notice to the National Highway Authority of India (the "**NHAI**") for initiation of arbitration proceedings. The Claimant had entered into a concession agreement with NHAI in relation to the project of six laning of Delhi Agra section of National Highway 2. The dispute between the parties has arisen in relation to, *inter alia*, termination of the concession agreement pursuant to an alleged force majeure event. The amount involved in the matter is ₹ 775.41 crores. The matter is currently pending.

2. Badarpur Faridabad Tollway Limited (the "**Claimant**") has issued a notice to the National Highway Authority of India (the "**NHAI**") for initiation of arbitration proceedings. The Claimant had entered into a concession agreement with NHAI in relation to the project of six laning of Delhi Agra section of National Highway 2. The dispute between the parties has arisen in relation to, *inter alia,* losses suffered by the Claimant. The amount involved in the matter is ₹ 396.88 crores. The matter is currently pending.

3. Badarpur Faridabad Tollway Limited (the "**Claimant**") has issued a notice to the National Highway Authority of India (the "**NHAI**") for initiation of arbitration proceedings. The Claimant had entered into a concession agreement with NHAI in relation to the project of six laning of Delhi Agra section of National Highway 2. The dispute between the parties has arisen in relation to, *inter alia*, computation of additional concession fee, delay in major maintenance and rectification of defects. The amount involved in the matter is approximately ₹134.9 crores. The matter is currently pending.

b. **Litigation involving Baharampore Farakka Highways Limited**

Litigation by Baharampore Farakka Highways Limited

A. ***Arbitration Proceedings***

1. Baharampore Farakka Highways Limited (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a concession agreement with NHAI in relation to the project of the four laning of National Highway 34 for the stretch between Baharampore and Farakka. The dispute between the parties has arisen in relation to *inter alia*, certain amount claimed by NHAI as toll fees from overloaded vehicles on the national highways. Further, NHAI has filed a counter-claim for an amount of ₹ 142 crores. The matter is currently pending.

2. Baharampore Farakka Highways Limited (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a concession agreement with NHAI in relation to the project of the four laning of National Highway 34 for the stretch

between Baharampore and Farakka. The dispute between the parties has arisen in relation to, *inter alia,* change of scope of stage construction. Further, NHAI has filed a counter-claim for an amount of ₹ 149.55 crores. The matter is currently pending.

3. Baharampore Farakka Highways Limited (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a concession agreement with NHAI in relation to the project of the four laning of National Highway 34 for the stretch between Baharampore and Farakka (the "**Project**"). The dispute between the parties has arisen in relation to *inter alia,* additional costs incurred due to the delay in the completion of the Project. The arbitral tribunal passed an award in favour of the Claimant. The Claimant has filed an execution petition under Section 36 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi. Further, NHAI has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi challenging the arbitral award. The amount involved in the matter is ₹ 352.83 crores together with a pre-award interest on ₹ 158.40 crore at simple interest of 14% per annum for claim pertaining to first submission period of 11 months from the date of October 10, 2014 up to the date of award and on ₹ 194.43 crore at simple interest of 12.75% for claim pertaining to second submission period of 13.5 months from March 11, 2016 up to the date of award and a post-award interest of 15% per annum on the amount awarded from the date of award till date of payment in the event of failure to make payment within 90 days of the date of award. The matter is currently pending.

4. Baharampore Farakka Highways Limited has issued a notice to the National Highway Authority of India (the "**NHAI**") for initiation of arbitration proceedings. The Claimant had entered into a concession agreement with NHAI in relation to the project the four laning of National Highway 34 for the stretch between Baharampore and Farakka. (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to the delay in the completion of the Project. The amount involved in the matter is ₹ 674.34 crores. The matter is currently pending.

c. Litigation involving Farakka-Raiganj Highways Limited

Litigation by Farakka-Raiganj Highways Limited

A. Arbitration Proceedings

1. Farakka-Raiganj Highways Limited Highways Limited (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a concession agreement with NHAI in relation to the project of the four laning of National Highway 34 for the stretch between Farakka to Raiganj in West Bengal (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to the delay in the completion of the Project. The amount involved in the matter is ₹ 681.35 crores. The matter is currently pending.

2. Farakka-Raiganj Highways Limited Highways Limited has issued a notice to the National Highway Authority of India (the "**NHAI**") for initiation of arbitration proceedings. The Claimant had entered into a concession agreement with NHAI in relation to the project of the four laning of National Highway 34 for the stretch between Farakka to Raiganj in West Bengal (the "**Project**"). The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to the delay in the completion of the project. The amount involved in the matter is ₹ 1020.79 crores. The matter is currently pending.

d. Litigation involving Raiganj-Dalkhola Highways Limited

Litigation by Raiganj-Dalkhola Highways Limited

A. Arbitration Proceedings

1. Raiganj-Dalkhola Highways Limited (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a concession agreement with NHAI in relation to the project of four laning of Raiganj-Dalkhola section of National Highway 34. The dispute between the parties has arisen in relation to, *inter alia,* additional costs incurred due to the increase in capital of the project, including the supply cost. The amount involved in the matter is ₹ 752.12 crores. The matter is currently pending.

2. Raiganj-Dalkhola Highways Limited (the "**Claimant**") has initiated arbitration proceedings against the National Highway Authority of India (the "**NHAI**"). The Claimant had entered into a concession agreement with NHAI in relation to the project of four laning of Raiganj-Dalkhola section of National Highway 34 (the "**Project**"). The dispute between the parties has arisen in relation to, inter alia, unilateral termination of the Project by NHAI. The amount involved in the matter is ₹ 332.47 crores. The matter is currently pending.

GOVERNMENT AND OTHER APPROVALS

Our Company and the Material Subsidiaries are required to comply with the provisions of various laws and regulations and obtain registrations or approvals under them for conducting their operations. These include consents to establish and operate, contract labour license for employment of contract labour at various project sites, environmental clearances, boiler licenses and other applicable approvals. The requirement for such approvals for a particular project may vary based on factors such as the activity being carried out at the project, legal requirement in the state in which the project is situated and stage of development of the project. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Our Company and the Material Subsidiaries have obtained necessary consents, licenses, permissions and approvals from governmental and other regulatory authorities that are required for carrying on our present business activities. Some of the approvals and licenses that we require for our business operations may expire in the ordinary course of business, and we will apply for their renewal from time to time.

We have set out below, details of applications for obtaining fresh approvals or renewal of approvals which have expired relating to the key projects of our Company and Material Subsidiaries:

Our Company

Vishnugad Pipalkoti Project, Uttarakhand

1. Application dated January 20, 2018 made to the Regional Officer, Pollution Control Board, Dehradun for the renewal of consent to operate crushing plant and authorisation for hazardous waste at Helong under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

2. Application dated January 20, 2018 made to the Regional Officer, Pollution Control Board, Dehradun for the renewal of consent to operate batching plant and authorisation for hazardous waste at Batula under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

3. Application dated January 20, 2018 made to the Regional Officer, Pollution Control Board, Dehradun for the renewal of consent to operate batching plant and authorisation for hazardous waste at Helong under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

4. Application dated January 20, 2018 made to the Regional Officer, Pollution Control Board, Dehradun for the renewal of consent to operate batching plant and authorisation for hazardous waste at Hat under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

5. Application dated January 20, 2018 made to the Regional Officer, Pollution Control Board, Dehradun for the consent to operate batching plant and authorisation for hazardous waste at Maxapur Pipalkoti under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

Ramban Banihal Road Project (NH-44), Jammu & Kashmir

1. Application dated April 23, 2018 made to the Divisional Officer, State Pollution Control Board, Ramban for the renewal of consent to operate batching plant at Sherbibi, Ramban under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

2. Application dated April 23, 2018 made to the Divisional Officer, State Pollution Control Board, Ramban for the consent to establish and operate batching plant at Marog, Ramban under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

3. Application dated January 25, 2017 made to the Divisional Officer, State Pollution Control Board, Ramban for the authorization of hazardous waste under the Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

IGCAR FRFC Project, Tamil Nadu

1. Application dated March 31, 2018 made to the Labour Commissioner, Chennai for the registration of establishment under the Building and Other Construction Workers (Regulation of employment and Condition of Service) Act, 1996 and the rules thereunder.

RAPP Kota 7&8 Project, Rajasthan

1. Application dated May 29, 2018 made to the Regional Officer, Chittorgarh, Rajasthan State Pollution Control Board for the renewal of consent to operate crushing plant at Kota under the Air (Prevention and Control of Pollution) Act, 1981.

2. Application dated May 30, 2018 made to the Regional Officer, Chittorgarh, Rajasthan State Pollution Control Board for the renewal of consent to operate crushing plant at Kota under the Air (Prevention and Control of Pollution) Act, 1981.

3. Application dated December 23, 2013 made to the Member Secretary, Rajasthan State Pollution Board for the authorization for collection, storage and disposal of hazardous waste at RAPP – 7&8 under the Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

Kishan Ganga HEP Project

1. Application dated October 10, 2016 made to the Member Secretary, State Pollution Control Board, Srinagar, Jammu & Kashmir for the renewal of consent to operate crushing plant at Kralpora under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

   Application dated October10, 2016 made to the Member Secretary, State Pollution Control Board, Srinagar, Jammu & Kashmir for the renewal of consent to operate batching plant at Kanzalwan under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

Bogibeel Rail-cum-Road Bridge Project

1. Application dated March 31, 2018 made to the Regional Office, Assam State Pollution Board for the renewal of consent to operate crushing plant and batching plant at Dibrugarh under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

2. Application dated March 31, 2018 made to the Regional Office, Assam State Pollution Board for the renewal of consent to operate fabrication shop under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and hazardous waste authorization under the Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

Kolkata Elevated Road Corridor Project

1. Application dated March 8, 2016 made to the West Bengal State Pollution Board for the hazardous waste authorization at Kolkata under the Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

NH-34 Road - PKG 3 Project

1. Application dated January 27, 2018 made to the Petroleum & Explosives Safety Organisation, Kolkata for the approval license for petroleum service station at village Goaljan under the Petroleum Rules, 2002.

NH 34 Road PKG-4 Project

Application dated June 23, 2018 made to the Chief Engineer, Waste Management Board, West Bengal Pollution Control Board for the renewal of generation and storage of hazardous waste authorization at NH- 34 under the Air (Prevention and Control of Pollution) Act, 1981.

Anjikhad Cable Stayed Bridge Project

Application dated November 14, 2017 made to the Regional Director, J& K Pollution Control Board for the consent to operate batching plant at Harote Kote under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.

Numaligarh Jorhat Road Project

Application dated July 6, 2018 made to the Regional Labour Commissioner for the renewal of registration of establishment under the Building and Other Construction Workers (Regulation of employment and Condition of Service) Act, 1996 and the rules thereunder.

T-49A Tunnel Project

Application dated May 21, 2018 made to the State Pollution Control Board for the renewal of consent to operate crushing plant at Sambar Dharamkund under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meeting held on September 5, 2018, pursuant to Section 62(1)(a) of the Companies Act, 2013. The Issue Price of ₹ [●] per Equity Share has been arrived at prior to the determination of the Record Date, in consultation with the Lead Manager.

Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares to be allotted in the Issue pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoters, the members of the Promoter Group, the Directors, the persons in control of our Company and persons in control of the Promoters have not been prohibited from accessing or operating the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoters, the Directors or the persons in control of our Company are or were associated as promoters, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Actions initiated by SEBI against entities operating in the securities market with which the Directors are associated

There are no actions initiated by SEBI against entities operating in the securities market with which the Directors are associated.

Prohibition by RBI

None of our Company, our Promoters, members of our Promoter Group or our Group Companies have been identified as Wilful Defaulters.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Indian Companies Act, 1913. The Equity Shares of our Company are presently listed on the Stock Exchanges. This Issue is being undertaken in terms of Chapter IV and other applicable provisions of the SEBI Regulations.

Compliance with Regulation 4(2) of the SEBI Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Equity Shares to be issued pursuant to the Issue.

Compliance with Part E of Schedule VIII of the SEBI Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

(a) Our Company has been filing periodic reports, statements and information in compliance with the listing agreement and the SEBI Listing Regulations, to the extent applicable, for the last three years immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange.

(b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE and NSE or on a common e-filing platform specified by SEBI.

(c) Our Company has an investor grievance mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI Regulations, and is not covered under the conditions specified in Clause (3) of Part E of Schedule VIII of SEBI Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, ICICI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, ICICI SECURITIES LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 12, 2018, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THIS DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

(c) **THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AND THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THIS DRAFT LETTER OF OFFER – NOT APPLICABLE**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER DOCUMENTS OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECTS CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THIS DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES, IN DEMAT OR PHYSICAL MODE.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT LETTER OF OFFER:**

(a) **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND**

(b) **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC**.

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THIS DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY LEAD MANAGER (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011. – NOT APPLICABLE**

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH IND AS 24, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THIS DRAFT LETTER OF OFFER.

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. – NOT APPLICABLE

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

Caution

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. The Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is [●].

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny shall be included in this Draft Letter of Offer, prior to filing of the Letter of Offer with the Stock Exchanges.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny shall be included in this Draft Letter of Offer, prior to filing of the Letter of Offer with the Stock Exchanges.

Selling Restrictions

The distribution of this Draft Letter of Offer, the Letter of Offer and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, the Letter of Offer, Abridged the Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer and the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAF will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any CAF which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the CAF headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Filing

This Draft Letter of Offer has been submitted to the Corporation Finance Department of SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 for its observations. After SEBI gives its observations, the Letter of Offer will be filed with the Designated Stock Exchange and submitted to SEBI.

Issue related expenses

The expenses of the Issue payable by our Company include brokerage, fee and reimbursement to the Lead Manager, Legal Advisors to the Issue, Registrar to the Issue, printing and distribution expenses, publicity, listing fee, stamp duty and other expenses and will be met out of the Issue Proceeds. For further details, see "*Objects of the Issue – Estimated Issue related expenses*" on page 75.

Investor grievances and redressal system

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations and the listing agreement. Our Company has a Stakeholders' Relationship Committee which currently comprises Ram Pravinchand Gandhi, Chairman, Rajas R. Doshi, Member, Ajit Gulabchand, Member and Arjun Dhawan, Member. The broad terms of reference include *inter alia* reviewing and ensuring the existence of a proper system for timely resolution of grievances of the security holders of our Company including complaints related to transfer of shares, non-receipt of annual reports and dividend payments.

We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company. The Investor complaints received by our Company are disposed of within 15 days from the date of receipt of the complaint.

Status of outstanding investor complaints in relation to our Company

As on the date of this Draft Letter of Offer, there are no outstanding investor complaints.

Registrar to the Issue

Link Intime India Private Limited

C-101, 247 Park
L B S Marg
Vikhroli (West)
Mumbai 400 083
Tel: (91 22) 4918 6200
Fax: (91 22) 4918 6195
E-mail: hcc.rights@linkintime.co.in
Investor grievance e-mail: hcc.rights@linkintime.co.in
Contact person: Sumeet Deshpande
Website: www.linkintime.co.in
SEBI registration number: INR000004058

Investors may contact our Company Secretary Compliance Officer or the Registrar in case of any pre-Issue/ post-Issue related problems such as non-receipt of Allotment advice/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Venkatesan Arunachalam

Company Secretary and Compliance Officer
Hincon House, LBS Marg
Vikhroli (West), Mumbai 400 083
Tel: (91 22) 2575 1000
Fax: (91 22) 2577 7568
E-mail: secretarial@hccindia.com

SECTION VIII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Issue and the Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the SAF, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that in accordance with the provisions of the SEBI Circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process (including the locations where the ASBA facility is available). All Retail Individual Investors complying with the eligibility conditions may optionally apply through the ASBA process or apply through the non-ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Equity Shares through the non-ASBA process, irrespective of the application amounts/ applicant category.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see "*Terms of the Issue - Procedure for Application*" on page 295.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in the Issue and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights or obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorised by a resolution of our Board of Directors of our Company passed at their meeting held on September 5, 2018 pursuant to Section 62(1)(a) of the Companies Act.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to the existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF.

Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer, the Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Overseas Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer /Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer. The distribution of the Letter of Offer, the Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer was filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Letter of Offer. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be in any restricted jurisdiction.

Principal terms of the Issue

Face Value

Each Equity Share will have the face value of ₹1.

Issue Price

Each Equity Share is being offered at a price of ₹ [●] per Equity Share in the Issue. The Issue Price has been arrived at prior to the determination of the Record Date, in consultation with the Lead Manager.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date.

Terms of Payment

Full amount of ₹ [●] per Equity Share is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement.

For example, if an Eligible Equity Shareholder holds between [●] and [●] Equity Shares, such Shareholder will be entitled to [●] Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one additional Equity Share if the Shareholder has applied for the same.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the Rights Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the CAF shall be non-negotiable.

Ranking

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Equity Shares to be issued and Allotted pursuant to this Issue shall rank *pari passu* with the existing Equity Shares of our Company, in all respects including dividends.

Listing and trading of the Equity Shares to be issued pursuant to the Issue

The existing Equity Shares of our Company are listed and traded on BSE (Scrip Code: 500185) and NSE (Scrip Code: HCC) under the ISIN INE549A01026. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE and NSE subject to necessary approvals. Our Company has received in-principle approval from BSE through letter no. [●] dated [●] and from NSE through letter no. [●] dated [●].

The Equity Shares which will be allotted pursuant to this Issue shall be listed for trading on BSE and NSE under the existing ISIN as fully paid Equity Shares of our Company.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Equity Shares shall be taken within seven Working Days of finalization of the Basis of Allotment.

The listing and trading of the Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. For further details, see "*Terms of the Issue – Payment of Refund*" on page 311.

Subscription to the Issue by the Promoters and the Promoter Group

Promoters intend to either subscribe to their Rights Entitlement or renounce their Rights Entitlement in favour of Arya Capital Management Private Limited, a member of our Promoter Group.

Arya Capital Management Private Limited, a member of the Promoter Group, which holds Equity Shares intends to subscribe to (i) the full extent of its Rights Entitlement in the Issue in accordance with Regulation 10(4)(a) of the Takeover Regulations; (ii) the full extent of any Rights Entitlement in the Issue that may be renounced in its favor by our Promoters or any of the other members of our Promoter Group in accordance with Regulation 10(4)(b) and other applicable provisions of the Takeover Regulations; and (iii) any unsubscribed portion in the Issue, in accordance with Regulation 10(4)(b) and other applicable provisions of the Takeover Regulations, to ensure subscription to the extent of at least 90% of the Issue. The acquisition of Equity Shares by the members of our Promoter Group over and above their Rights Entitlement shall be in compliance with the requirements of Regulation 10(4)(b) of the Takeover Regulations.

Another member of our Promoter Group, who holds Equity Shares intends to subscribe to their Rights Entitlement.

Our Company is in compliance, and shall remain in compliance, with the minimum public shareholding requirements as prescribed under the SEBI LODR Regulations after the Issue.

Rights of Equity Shareholders of our Company

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Equity Shares;

- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, and the Memorandum of Association and the Articles of Association.

General terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share. In case an Investor holds Equity Shares in the physical form, our Company would issue to the allottees one certificate for the Equity Share allotted to each folio (the "**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Investor.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

The nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Equity Shareholder or all of the joint Eligible Equity Shareholders, as the case may be, shall become entitled to the Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages and obligations to which he would be entitled if he were the registered Eligible Equity Shareholder. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares, in the event of death of the said Eligible Equity Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Equity Shares are held by more than one person jointly, the nominee shall become entitled to all rights in the Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation and/or, will be sent by post to the Indian address of the Eligible Equity Shareholders provided to our Company. However, the distribution of the Letter of Offer, Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Procedure for Application

The CAF for the Equity Shares offered as part of the Issue along with Abridged Letter of Offer would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and Indian address. In case the signature of the Investor(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF or the duplicate CAF attributable to postal delays or if the CAF or the duplicate CAF are misplaced in the transit. Eligible Equity Shareholders should note that those who are making an application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation even if the original CAF is received or found subsequently. If any Eligible Equity Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

Please note that QIB Applicants, Non-Institutional Investors (including all companies and body corporates) and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose application amount is not more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non-ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must apply for Equity Shares only through the Non-ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to the Issue.

CAF

The Registrar to the Issue will dispatch the CAF along with the Abridged Letter of Offer along to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date.

Applicants may choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see "*Terms of the Issue – Application on Plain Paper*" on page 299.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application of Equity Shares by Renouncee(s); and

Part D: Form for request for split application forms.

Option available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares; and
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centres as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai or a demand draft payable at Mumbai to the Registrar to the Issue by registered post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager or the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "*Terms of the Issue - Mode of Payment for Resident Investors*" and "*Terms of the Issue - Mode of Payment for Non-Resident Investors*" on page 301.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of our Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section "*Terms of the Issue - Basis of Allotment*" beginning on page 310.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares by indicating details of additional Equity Shares applied in place provided for additional Equity Shares in Part C of CAF.

Under the foreign exchange regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Where the number of additional Equity Shares applied for exceeds the number of Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, the Eligible Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities or other laws. Eligible Equity Shareholders may also not renounce in favour of persons or entities in the United States or to the account or benefit of a "U.S. person" (as defined in Regulation S) or to who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities law.

Procedure for renunciation

To renounce all the Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF in the same order. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part or the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company or the Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three including you, who is or are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF.

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (*All joint holders must sign in the same sequence*)

Sr. No.	Option Available	Action Required
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (*All joint holders must sign in the same sequence*)
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (*all joint holders must sign in the same sequence*) requesting for SAFs. Send the CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person (*Joint Renouncees are considered as one*).	Fill in and sign Part B (*all joint holders must sign in the same sequence*) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (*all joint Renouncees must sign*)
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Options (3), (4) and (5) will not be available for Eligible Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for each SAF should be made for a minimum of one Equity Share or, in each case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Eligible Equity Shareholders for the SAFs should reach the Registrar to the Issue on or before seven days from the Issue Closing Date.
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the Applicant's risk.

- Eligible Equity Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part B of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part C of the CAF to receive Allotment of such Equity Shares.
- While applying for or renouncing their Rights Entitlement, all joint Eligible Equity Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Company or the Depositories.
- Non-resident Eligible Equity Shareholders: Application(s) received from Non-Resident or NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or an NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- Applicants must write their corresponding CAF/SAF number at the back of the cheque/ demand draft.
- The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in a reduced frequency, i.e., once a week. This may have an impact on timelines for the issuance of the final certificate by the Escrow Collection Banks. Hence, the CAF/SAF accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number or DP and Client ID number and his/ her full name and Indian address to the Registrar. Please note that the request for duplicate CAF should reach the Registrar at least seven days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received or found, as the case may be, subsequently. If the Investor violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque/ demand draft, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar to the Issue. For details of the mode of payment, see "*Terms of the Issue - Modes of Payment*" on page 301. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed "Hindustan Construction Company Limited – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with our Company or the Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being Hindustan Construction Company Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;

- Share Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/ demand draft;
- Savings or current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- If the payment is made by a draft purchased from NRE or FCNR or NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account;
- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company or the Depositories); and
- Additionally, all such Applicants are deemed to have accepted the following:

  *"I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

  I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. I/ We satisfy, and each account for which I/ We are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/ our residence.

  I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors. In cases where multiple CAFs are submitted, including cases where an Investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected. Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar to the Issue not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in.

Last date for Application

The last date for submission of the duly filled in CAF or a plain paper application is [●]. Our Board or any committee thereof, subject to the provisions of the Articles of Association may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is either: (i) not blocked with an SCSB; or (ii) not received by the Banker to the Issue or the Registrar to the Issue, on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or the Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or the Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section "*Terms of the Issue - Basis of Allotment*" beginning on page 310.

Modes of Payment

Mode of payment for Resident Investors

- All cheques / demand drafts accompanying the CAF should be drawn in favour of "Hindustan Construction Company Limited- Rights Issue" crossed 'A/c Payee only' and should be submitted along with the CAF to the Bankers to the Issue or the Collecting Bank or to the Registrar to the Issue on or before the Issue Closing Date;

- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque/ demand draft for the full application amount, net of bank and postal charges drawn in favour of "Hindustan Construction Company Limited – Rights Issue", crossed 'A/c Payee only' and payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "Hindustan Construction Company Limited – Rights Issue". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

- Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the application by non-resident Investor, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

  Link Intime India Private Limited
  C-101, 247 Park
  L B S Marg

Vikhroli (West)
Mumbai 400 083
Tel: (91 22) 4918 6200
Fax: (91 22) 4918 6195
E-mail: hcc.rights@linkintime.co.in
Investor grievance e-mail: hcc.rights@linkintime.co.in
Contact person: Sumeet Deshpande
Website: www.linkintime.co.in
SEBI registration number: INR000004058

- Applications will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of "Hindustan Construction Company Limited – Rights Issue – NR", crossed 'A/c Payee only' payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "Hindustan Construction Limited – Rights Issue". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft payable at Mumbai/ cheque drawn on a bank account maintained with the Escrow Collection Banks or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);

- By cheque/draft drawn on an NRE or FCNR Account with Escrow Collection Banks;

- By Rupee draft purchased by debit to NRE or FCNR Account maintained elsewhere in India and payable at Mumbai;

- FPIs registered with SEBI must utilise funds from special non-resident rupee account;

- Non-resident investors with repatriation benefits should draw the cheques/ demand drafts in favour of "Hindustan Construction Company - Rights Issue - NR", crossed "A/c Payee only" for full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue or collection centres or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE or FCNR or NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained with the Escrow Collection Banks or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

- Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour of "Hindustan Construction Company Limited - Rights Issue - R", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue or collection centres or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE or FCNR or NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

- An Eligible Equity Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

- Applications received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money, Allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest and export of share certificates.

- In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U. S. Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's bankers.

Procedure for Application through the ASBA Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. The Investors who are (i) not QIBs, (ii) not

Non-Institutional Investors, or (iii) Investors whose application amount is not more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non-ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must apply for Equity Shares only through the Non-ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Self Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to the Eligible Equity Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors of our Company in this regard.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment under ASBA process

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Please note that all Applicants who are QIBs, Non-Institutional Investors (including all companies and body corporates) and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs, Non-Institutional Investors or Investors whose application amount is not more than ₹ 2,00,000 can participate in the Issue through the ASBA process or non-ASBA process.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (*All joint holders must sign in the same sequence*)
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (*All joint holders must sign in the same sequence*)

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide necessary details as required. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Option to receive Equity Shares in dematerialized form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Investors applying under the ASBA Process

(a) Please read the instructions printed on the respective CAF carefully.

(b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

(c) ASBA Applicants are required to select ASBA option/mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.

(d) Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue or Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to our Company or the Registrar or the Lead Manager.

(e) All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.**

(f) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company or the Depositories.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company or the Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(i) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

(j) Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(k) Only persons outside the United States and other restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

(l) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through the ASBA process.

(m) Eligible Equity Shareholders who have renounced their entitlement in part or in full are not entitled to apply using the ASBA process.

(n) Please note that pursuant to the applicability of the directions issued by SEBI through its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process. QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 shall use the ASBA facility at various centres where the facility is made available. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose application amount is not more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non-ASBA process.

(o) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

(p) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section "*Terms of the Issue - Application on Plain Paper*" on page 299.

(q) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's:

(a) Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.

(b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

(c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

(d) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

(g) Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the IT Act.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

(j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

(k) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under applicable law.

Don'ts:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order, pay order or postal order.

(d) Do not send your physical CAFs to the Lead Manager, the Registrar, the Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not apply if the ASBA account has been used for five Applicants.

(g) Do not apply through the ASBA Process if you are not an ASBA Investor.

(h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for technical rejection under the ASBA Process

In addition to the grounds listed under section "*Terms of the Issue - Grounds for Technical Rejections for non-ASBA Investors*" beginning on page 316, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application on a SAF.

(b) Application for allotment of Rights Entitlements or additional Equity Shares which are in physical form.

(c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(d) Sending an ASBA application on plain paper to the Registrar.

(e) Sending CAF to Lead Manager, Registrar, Collecting Bank (assuming that such Collecting Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.

(f) Renouncee applying under the ASBA Process.

(g) Submission of more than five CAFs per ASBA Account.

(h) Insufficient funds are available with the SCSB for blocking the amount.

(i) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

(j) Account holder not signing the CAF or declaration mentioned therein.

(k) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States or any other restricted jurisdiction and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(l) CAFs which have evidence of being executed in or dispatched from any restricted jurisdiction.

(m) QIBs, Non-Institutional Investors and other Eligible Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form and is not a Renouncer or a Renouncee not applying through the ASBA process.

(n) Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.

(o) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

(p) Submitting the GIR instead of the PAN.

(q) An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

(r) Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(s) ASBA Bids by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(t) Applications by Applicants ineligible to make applications through the ASBA process, made through the ASBA process.

(u) Non-Institutional Investors or Non Retail Individual Investors who have a bank account with an SCSB providing ASBA facility in the location of the Non-Institutional Investors or the Non Retail Individual Investors and the application by the Non-Institutional Investors or the Non Retail Individual Investors is not made through that SCSB providing ASBA facility in such location.

(v) Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

(w) If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

(x) Depository account and bank details for Investors applying under the ASBA Process.

(y) Applications by Eligible Equity Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF or the plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

Our Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.

(b) Investors whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person that our Board of Directors as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

(a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;

(b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

(c) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices or Refund Orders

Our Company will issue and dispatch Allotment advice or share certificates or demat credit and/or letters of regret, as the case may be, along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding share certificates will be kept ready within six months from the date of Allotment thereof under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor's Indian address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post or speed post to the Indian address of the Non Resident Shareholders or Investors as provided to our Company.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Cod**e"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non-residents

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE or FCNR or NRO cheques, refunds will be credited to NRE or FCNR or NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice or Share Certificates or Demat Credit

Allotment advice or share certificates or demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL and TSR Darashaw Limited on October 11, 2006 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL and TSR Darashaw Limited on September 18, 2006 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares he Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares. Eligible Equity Shareholders of our Company holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

- For Eligible Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to the Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of the Issue may be made in dematerialized form even if the Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete or incorrect beneficiary account details are given in the CAF, the Investor will get Equity Shares in physical form.

The Equity Shares allotted to Applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

Non-transferable allotment advice/ refund orders will be directly sent to the Investors by the Registrar to the Issue.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in the Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for non-ASBA Investors

(a) Please read the instructions printed on the CAF carefully.

(b) Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

(c) Application should be made on the printed CAF, provided by our Company except as mentioned stated under the section "*Terms of the Issue - Application on Plain Paper*" on page 299 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's or husband's name must be filled in block letters.

The CAF together with the cheque or demand draft should be sent to the Bankers to the Issue or the Escrow Collection Bank or to the Registrar and not to our Company or the Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques or demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stock invest are liable to be rejected.

(d) Except for applications on behalf of the Central and the State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

(e) Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings or current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(f) All payment should be made by cheque or demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company.

(h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum of Association and Articles of Association and/or bye laws of such body corporate or society must be lodged with the Registrar giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(j) Application(s) received from NRs or NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in any jurisdiction where the offer or sale of the Rights Entitlements and subsequent issue of equity shares of our Company upon conversion of Equity Shares may be restricted by applicable securities laws.

(k) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and transfer agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(l) SAFs cannot be re-split.

(m) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(n) Investors must write their CAF number at the back of the cheque or demand draft.

(o) Only one mode of payment per application should be used. The payment must be by cheque or demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(p) A separate cheque or draft must accompany each CAF. Outstation cheques, demand drafts or post-dated cheques and postal or money orders will not be accepted and applications accompanied by such cheques, demand drafts, money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.

(q) No receipt will be issued for application money received. The Bankers to the Issue, the Escrow Collection Banks or the Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(r) The distribution of the Letter of Offer and issue of Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Share**s.**

(s) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Eligible Equity Shareholder on the Record Date.

(b) Read all the instructions carefully and ensure that the cheque or draft option is selected in Part A of the CAF and necessary details are filled in.

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that your Indian address is available to us and the Registrar and transfer agent, in case you hold the Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form.

(e) Ensure that the value of the cheque or draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges.

(f) Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.

(g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the demographic details are updated, true and correct, in all respects.

Don’ts for non-ASBA Investors:

(a) Do not apply if you are in the United States or any other restricted jurisdiction or are otherwise not eligible to participate in the Issue pursuant to the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(e) Do not submit Application accompanied with stock invest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable.
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar and transfer agent (in the case of physical holdings).
- Age of Investor(s) not given (in case of Renouncees).
- Except for CAFs on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.
- If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer.
- CAFs not duly signed by the sole or joint Investors.
- CAFs or SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue.
- CAFs accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in or dispatched from restricted jurisdictions.

- CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where an Indian address has not been provided.

- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.

- In case the GIR number is submitted instead of the PAN.

- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

- Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000, not through ASBA process.

- Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through SAFs of less than ₹ 2,00,000 and has not been undertaken through the ASBA process.

- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

Please read this Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Draft Letter of Offer or the CAF.

Procedure for applications by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of our Company on a fully diluted basis. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Shareholders. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits for an FPI in our Company are not exceeding 10% and 49% of the total paid-up equity share capital of our Company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) such offshore derivative instruments shall not be issued or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by resident Indians or NRIs. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

Procedure for applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("**SEBI VCF Regulations**") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("**SEBI FVCI Regulations**") prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for applications by Systemically Important NBFCs

In case of applications made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 -IA of the RBI Act and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Procedure for applications by NRIs

Investments by NRIs are governed by Regulation 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.

Procedure for applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular bearing number CIR/ CFD/ DIL/ 1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to

any other person in a fictitious name, shall be liable for action under Section 447."

Section 447 of the Companies Act, 2013 provides for punishment for fraud which, inter alia, states punishment of imprisonment for a terms which shall not be less than six months but which may extend to ten years and/ or shall be liable to a fine which shall not be less than the amount involved in the fraud, but which shall extend to three times of the amount involved in the fraud in accordance with Section 447 of the Companies Act.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue, the Registrar or the Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

(a) All monies received out of the Issue shall be transferred to a separate bank account;

(b) Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

(c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and

(d) Our Company may utilise the funds collected in the Issue only after the Basis of Allotment is finalised.

Undertakings by our Company

Our Company undertakes the following:

(a) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

(b) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of Basis of Allotment.

(c) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

(d) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

(e) No further issue of securities affecting our Company's equity capital shall be made till the Equity Shares issued or offered in the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.

(f) Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the Basis of Allotment.

(g) At any given time, there shall be only one denomination for the Equity Shares of our Company.

(h) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount within 15 days after the Issue Closing Date, our Company becomes liable to refund the subscription amount along with interest for the delayed period, as prescribed under applicable law.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with this Draft Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed "Hindustan Construction Company Limited - Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

Link Intime India Private Limited
C-101, 247 Park
L B S Marg
Vikhroli (West)
Mumbai 400 083
Tel: (91 22) 4918 6200
Fax: (91 22) 4918 6195
E-mail: hcc.rights@linkintime.co.in
Investor grievance e-mail: hcc.rights@linkintime.co.in
Contact person: Sumeet Deshpande
Website: www.linkintime.co.in
SEBI registration number: INR000004058

The Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

SELLING RESTRICTIONS

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been, or will be prepared or lodged with the Australian Securities and Investments Commission, or ASIC, in relation to this offering. This document does not, and is not intended to, constitute a prospectus, product disclosure statement or other disclosure document for the purpose of Chapter 6D or Chapter 7 of under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, or the "Exempt Investors," who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment and issue under this offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

European Economic Area

This document has been prepared on the basis that any offer of securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of securities. Accordingly, any person making or intending to make an offer in that Relevant Member State of securities which are the subject of the offering contemplated in this document may only do so (i) in circumstances in which no obligation arises for the Company or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Company nor the Lead Manager have authorised, nor do they authorise, the making of any offer of securities in circumstances in which an obligation arises for the Company or the Lead Manager to publish or supplement a prospectus for such offer. Neither the Company nor the Lead Manager have authorised, nor do they authorise, the making of any offer of securities through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of the securities contemplated in this document. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU."

In relation to each Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") an offer of securities which are the subject of the offering contemplated by this Prospectus Supplement may not be made to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such securities to the public in that Relevant Member State:

1. to any legal entity which is a qualified investor, as defined in the Prospectus Directive (as defined below);
2. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive or supplement a prospectus pursuant to Article 16 at the Prospectus Directive), subject to obtaining the prior consent of the relevant Lead Managers nominated by the Company for any such offer; or

3. at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer shall result in a requirement for the publication by the Company or the Lead Manager of a prospectus or the initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed with the Lead Manager and the Company that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)I of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

France

This document has not been submitted to the clearance procedure of the French *Autorité des marchés financiers* and may not be used in connection with any offer to the public in France to purchase or sell the securities.

No securities have been offered or sold or will be offered or sold, directly or indirectly, to the public in France, except to permitted investors ("Permitted Investor") consisting of: (i) persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (*investisseurs qualifiés*) acting for their own account and/or corporate investors meeting one of the four criteria provided in Article 1 of Decree No. 2004-1019 of September 28, 2004 and belonging to a "limited circle of investors" (*cercle restreint d'investisseurs*) acting for their own account with "qualified investors" and "limited circle of investors" having the meaning ascribed to them in Article L. 411-2 of the French Code Monétaire et Financier and applicable regulations thereunder; and the direct or indirect resale to the public in France of any securities acquired by any Permitted Investors may be made only as provided by Articles L. 412-1 and L. 621-8 of the French Code Monétaire et Financier and applicable regulations thereunder.

None of this document or any other materials related to the rights offering or information contained herein or therein relating to the securities has been released, issued or distributed to the public in France except to qualified investors (*investisseurs qualifiés*) and/or to a limited circle of investors (*cercle restreint d'investisseurs*) mentioned above.

Germany

The securities will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (Wertpapierprospektgesetz - WpPG) as of June 22, 2005, as amended, or any other laws and regulations applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. No application has been made under German law to permit a public offer of the securities in the Federal Republic of Germany and no securities prospectus (Prospekt) within the meaning of the German Securities Prospectus Act has been or will be registered with or approved by the Financial Supervisory Authority of the Federal Republic of Germany (Bundesanstalt für

Finanzdienstleistungsaufsicht – BaFin) or otherwise published in Germany. Therefore, the document does not constitute an offer or advertisement to the public.

Hong Kong

This document has not been reviewed or approved by or registered with any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice. No person may offer or sell in Hong Kong, by means of any document, any securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer or invitation to the public within the meaning of that Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32). No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or to any persons in the circumstances referred to in paragraph (ii) above.

Mauritius

Shares may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

Singapore:

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

South Africa

This document has not comprised and shall not comprise an "offer to the public" in South Africa in terms of Chapter 4 of the South African Companies Act, No 71 of 2008 (as amended) ("South African Companies Act"). Accordingly, the shares may not be handed on, surrendered to, renounced in favor of or assigned to any person in South Africa in any manner which could be construed as an offer to the public in terms of Chapter 4 of the South African Companies Act.

United Arab Emirates

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED ARAB EMIRATES (EXCLUDING THE DUBAI INTERNATIONAL FINANCIAL CENTRE)

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In addition, SCA is not responsible for the failure by any party or parties associated with the Company in the performance of their duties and functions nor is SCA responsible for the accuracy and integrity of the information and the details contained in this prospectus. Responsibility for the accuracy of information contained in this document and the performance of duties and functions set out in this document lies with the Company.

United Kingdom

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SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated September 12, 2018 between our Company and the Lead Manager.
2. Registrar Agreement dated September 12, 2018 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Escrow Collection Banks.
4. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association.
2. Certificate of Incorporation of our Company and certificates of incorporation consequent upon change in name of our Company.
3. Resolution of our Board dated September 5, 2018 in relation to this Issue and other related matters.
4. Consents of our Directors, Company Secretary and Compliance Officer, Auditors, Lead Manager, Bankers to the Issue, Legal Advisor to the Issue, the Registrar to the Issue and the Monitoring Agency for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.
5. Consent of M/s. Walker Chandiok & Co., LLP, Chartered Accountants, to include their name in this Draft Letter of Offer and as “expert” as defined under Sections 2(38) of the Companies Act, 2013.
6. Certificated dated September 10, 2018 issued by S. Ramanand Aiyar & Co., Chartered Accountants, Chartered Accountants in respect of working capital requirements.
7. The reports of our Auditors, M/s. Walker Chandiok & Co., LLP, Chartered Accountants dated May 3, 2018 on the Audited Financial Statements for Fiscal 2018 and dated August 8, 2018 on the Limited Review Financial Information for the three month period ended June 30, 2018 as submitted to the Stock Exchanges in terms of the SEBI Listing Regulations.
8. Annual Reports of our Company for Fiscal 2018, 2017, 2016, 2015 and 2014.
9. Statement of Tax Benefits dated September 12, 2018 from M/s. Walker Chandiok & Co., LLP, Chartered Accountants.
10. Due Diligence Certificate dated September 12, 2018 addressed to SEBI from the Lead Manager.
11. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.
12. SEBI observation letter no. [●] dated [●].
13. Tripartite Agreement dated October 11, 2006 between our Company, TSR Darashaw Limited and NSDL.

14. Tripartite Agreement dated September 18, 2006 between our Company, TSR Darashaw Limited and CDSL.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

____________________________ **Ajit Gulabchand** *Chairman and Managing Director*	____________________________ **Rajas R. Doshi** *Non- Executive Independent Director*
____________________________ **Sharad M. Kulkarni** *Non- Executive Independent Director*	____________________________ **Ram P. Gandhi** *Non- Executive Independent Director*
____________________________ **Anil C. Singhvi** *Non-Executive Independent Director*	____________________________ **Harsha Bangari** *Non-Executive Independent Director*
____________________________ **Omkar Goswami** *Non-Executive Independent Director*	____________________________ **N.R. Acharyulu** *Non-Executive Non Independent Director*
____________________________ **Shalaka Gulabchand Dhawan** *Whole-time Director*	____________________________ **Arjun Dhawan** *Group CEO and Whole-time Director*

SIGNED BY THE FINANCE HEAD

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Praveen Sood

Chief Financial Officer

Date: _______________

Place: _______________