Please scan this QR code to view the Draft Letter of Offer

Draft Letter of Offer
Dated December 14, 2023
For Eligible Equity Shareholders

HINDUSTAN CONSTRUCTION COMPANY LIMITED

Our Company was incorporated as 'The Hindustan Construction Company Limited' on January 27, 1926 under the Companies Act, 1913, in Mumbai, Maharashtra, pursuant to certificate of incorporation dated January 27, 1926 issued by the Registrar of Companies, Mumbai ("**RoC**"). Subsequently, the name of our Company was changed to 'Hindustan Construction Company Limited' with effect from October 11, 1991 and a fresh certificate of incorporation consequent upon change of name was issued on October 11, 1991 by the RoC. For details in relation to change in the registered office of the Company, see "*General Information*" beginning on page 40.

Registered and Corporate Office: Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India
Contact Person: Nitesh Kumar Jha, Company Secretary and Compliance Officer
Tel: +91 22 2575 1000
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 [●] FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹1 EACH OF THE COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹[●] PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER RIGHTS EQUITY SHARE) AGGREGATING UP TO ₹300 CRORE* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE SEE "*TERMS OF THE ISSUE*" BEGINNING ON PAGE 352.

***Assuming full subscription**

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers (as defined hereinafter).

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. Specific attention of investors is invited to the statement of "*Risk Factors*" beginning on page 17 before making an investment in this Issue.

COMPANY'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**" together with BSE, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through their letters dated [●] and [●] respectively. Our Company will also make applications to BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular. For the purposes of the Issue, the Designated Stock Exchange is [●].

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
IDBI capital	LINKIntime
IDBI Capital Markets & Securities Limited 6th Floor, IDBI Tower WTC Complex Cuffe Parade, Mumbai 400 005 Maharashtra, India **Tel:** +91 22 2217 1953 **E-mail:** hcc.rights@idbicapital.com **Fax:** +91 22 2217 1787 **Investor grievance e-mail:** redressal@idbicapital.com **Contact person:** Suhas Satardekar / Puneet Agnihotri **Website:** www.idbicapital.com **SEBI registration number:** INM000010866	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel:** +91 810 811 4949 **E-mail:** hcc.rights2023@linkintime.co.in **Investor Grievance ID:** hcc.rights2023@linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **Website:** www.linkintime.co.in **SEBI Registration No.:** INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
[●]	[●]	[●]

**Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.*

***Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

(This page has intentionally been left blank)

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, requires or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, clarification or policy shall be to such legislation, act, regulation, rule, guideline, clarification or policy as amended, supplemented, re-enacted, or modified 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 the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI LODR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Provided that terms used in "Summary of Draft Letter of Offer", "Financial Statements", "Industry Overview", "Statement of Special Tax Benefits", "Outstanding Litigations and Defaults", Management's Discussion and Analysis of Financial Condition and Results of Operations and "Terms of the Issue" beginning on pages 14, 106, 55, 52, 327, 299 and 352 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections.

General Terms

Term	Description
"Company", "Our Company", "the Company", "the Issuer" or "HCC"	Hindustan Construction Company Limited, a public limited company incorporated under the Companies Act, 1913 and having its Registered and Corporate Office at Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India
"We", "Our", "Us", or "our Group"	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company along with our Subsidiaries, on a consolidated basis

Company Related Terms

Term	Description
"Articles of Association" or "Articles"	Articles of Association of our Company, as amended from time to time
Associates	Evostate AG, Evostate Immobilien AG, Hegias AG, Zurich, Highbar Technocrat Limited and MCR Managing Corp. Real Estate AG
Audit Committee	Audit committee of our Board
Audited Consolidated Financial Statements	Collectively, Audited Consolidated Financial Statements for the Financial Year 2023 and Audited Consolidated Financial Statements for the Financial Year 2022
Audited Consolidated Financial Statements for the Financial Year 2023	The audited consolidated financial statements of our Company as at and for the year ended March 31, 2023 (along with comparative financial statements for the financial year ended March 31, 2022) which comprises the consolidated balance sheet as at March 31, 2023 along with comparative balance sheet as at March 31, 2022, prepared in accordance with applicable accounting standards, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended March 31, 2023 and March 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information read along with the report dated May 18, 2023 thereon
Audited Consolidated Financial Statements for the Financial Year 2022	The audited consolidated financial statements of our Company as at and for the year ended March 31, 2022 (along with comparative financial statements for the financial year ended March 31, 2021) which comprises the consolidated balance sheet as at March 31, 2022 along with comparative balance sheet as at March 31, 2021, prepared in accordance with applicable accounting standards, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended March 31, 2022 and March 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information read along with the report dated May 12, 2022 thereon
"Auditors" or "Statutory Auditors"	The current statutory auditors of our Company, being, M/s. Walker Chandiok & Co. LLP, Chartered Accountants
"Board of Directors" or "Board" or "our Board"	The board of directors of our Company or any duly constituted committee thereof
Chief Financial Officer	Chief financial officer of our Company, being Rahul Rao
Directors	Directors on our Board, as may be appointed from time to time
Equity Shares	Fully paid-up equity shares of face value of ₹1 each of our Company

Term	Description
ESOP Scheme	HCC Employee Stock Option Scheme, 2008, as amended from time to time
Independent Chartered Accountant	S Ramanand Aiyar & Co., Chartered Accountants
Independent Director	A non-executive, independent Director on our Board as on the date of this Draft Letter of Offer appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of the Independent Directors, see "*Our Management*" beginning on page 101
Joint Operations	Joint operations of our Group, being: 1. Alpine – HCC Joint Venture; 2. Alpine – Samsung – HCC Joint Venture; 3. HCC – HDC Joint Venture; 4. HCC – L&T Purulia Joint Venture; 5. HCC – Samsung Joint Venture CC 34; 6. HCC – VCCL Joint Venture; 7. Kumagai – Skanska – HCC – Itochu Group; and 8. Nathpa Jhakri Joint Venture 9. Werkarena Basel AG
Joint Venture	Prolific Resolution Private Limited
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" beginning on page 101
Material Subsidiaries	Steiner AG, Switzerland and Steiner Construction SA, Switzerland* **Pursuant to a share purchase agreement December 4, 2023 Steiner AG, the holding company of Steiner Construction SA has divested its stake which is expected to be completed in Financial Year 2024.*
"Memorandum of Association" or "Memorandum"	Memorandum of Association of our Company, as amended from time to time
Promoters	The promoters of our Company, being Ajit Gulabchand, Hincon Holdings Limited, Hincon Finance Limited, Shalaka Gulabchand Dhawan and Shalaka Investment Private Limited. For further details, please see "*Capital Structure*" on page 44
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
"Registered Office" or "Registered and Corporate Office"	Registered and corporate office of our Company, situated at Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India
Rights Issue Committee	The committee of our Board constituted for the purpose of this Issue
"Senior Management Personnel" or "SMP"	Senior management personnel of our Company, determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" beginning on page 101
"Shareholders" or "Equity Shareholders"	Holders of the Equity Shares from time to time
Subsidiaries	Subsidiaries of our Company, being: 1. Badarpur Faridabad Tollway Limited; 2. HCC Aviation Limited; 3. HCC Contract Solutions Limited; 4. HCC Infrastructure Company Limited; 5. HCC Mauritius Enterprises Limited; 6. HCC Mauritius Investment Limited; 7. HCC Operations & Maintenance Limited; 8. HCC Realty Limited; 9. Highbar Technologies Limited; 10. HREL Real Estate Limited; 11. HRL (Thane) Real Estate Limited; 12. HRL Township Developers Limited; 13. Maan Township Developers Limited; 14. Manufakt8048 AG; 15. Narmada Bridge Tollway Limited; 16. Nashik Township Developers Limited; 17. Panchkutir Developers Limited; 18. Powai Real Estate Developers Limited; 19. Raiganj-Dalkhola Highways Limited; 20. Steiner (Deutscheland) GmbH; 21. Steiner AG; 22. Steiner Construction SA* 23. Steiner India Limited; 24. Steiner Leman SAS; 25. Steiner Promotions et Participations SA; 26. VM & ST AG; and 27. Western Securities Limited **Pursuant to a share purchase agreement December 4, 2023 Steiner AG, the holding company of Steiner*

Term	Description
	Construction SA has divested its stake which is expected to be completed in Financial Year 2024.
Unaudited Consolidated Financial Results	Collectively, September 2023 Unaudited Consolidated Financial Results and September 2022 Unaudited Consolidated Financial Results
September 2023 Unaudited Consolidated Financial Results	The unaudited consolidated financial results of our Company for the six months ended September 30, 2023, which comprises the consolidated balance sheet as at September 30, 2023, consolidated statements of profit and loss and other comprehensive income, and the consolidated statement of cash flows for the six months ended September 30, 2023
September 2022 Unaudited Consolidated Financial Results	The unaudited consolidated financial results of our Company for the six months ended September 30, 2022, which comprises the consolidated balance sheet as at September 30, 2022, consolidated statements of profit and loss and other comprehensive income, and the consolidated statement of cash flows for the six months ended September 30, 2022

Issue Related Terms

Term	Description
"Abridged Letter of Offer" or "ALOF"	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under the Issue in addition to the Rights Entitlement
"Allotment" or "Allot" or "Allotted"	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The accounts opened with the Banker(s) to the Issue, into which the Application Money lying in the escrow account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being [●]
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
"Applicant(s)" or "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer, including an ASBA Investor
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
"Application Supported by Blocked Amount" or "ASBA"	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI ICDR Master Circular to the extent it pertains to the rights issue process and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard
Banker(s) to the Issue	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank
Banker(s) to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker(s) to the Issue for *inter alia* collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in the Issue, as described in "*Terms of the Issue*" beginning on page 352
CARE	CARE Analytics and Advisory Private Limited
CARE Report	Report titled "*Industry Research Report on Infrastructure sector in India*" dated December 2023,

Term	Description
	issued by CARE and which has been paid for and commissioned by our Company
"Controlling Branches" or "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 the website of SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time
Demographic Details	Details of Investors including the Investor's address, PAN, DP ID, Client ID, bank account details and occupation, where applicable
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
Designated Stock Exchange	[●]
Draft Letter of Offer	This draft letter of offer dated December 14, 2023 filed with SEBI in accordance with the SEBI ICDR Regulations
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue excludes certain overseas shareholders, including any shareholder located in the United States. For further details, see "*Notice to Investors*" beginning on page 9
"Equity Shareholder(s)" or "Shareholders"	Holder(s) of the Equity Shares of our Company
Escrow Account	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from Eligible Equity Shareholders as on record date making an Application through the ASBA facility
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom an escrow account will be opened, in this case being, [●]
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower as defined under Regulations 2(1)(lll) of the SEBI ICDR Regulations
Investor(s)	Eligible Equity Shareholder(s) of the Company on the Record Date i.e. [●], and the Renouncee(s)
"Issue" or "Rights Issue"	Issue of up to [●] Rights Equity Shares for cash at a price of ₹[●] per Equity Share for an amount aggregating up to ₹300 crore on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders on the Record Date
Issue Agreement	Issue agreement dated December 14, 2023 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	[●]
Issue Materials	Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹[●] per Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to [●] Rights Equity Shares aggregating up to ₹300 crore
"Lead Manager" or "LM"	IDBI Capital Markets &Securities Limited
Letter of Offer	The 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 uniform listing agreement entered into between our Company and the Stock Exchanges in terms of the SEBI LODR Regulations
Monitoring Agency	[●]
Monitoring Agency Agreement	Agreement to be entered between our Company and the Monitoring Agency in relation to monitoring of Net Proceeds
Multiple Application Forms	More than one Application form submitted by an Eligible Shareholder/ Renouncee in respect of the same Rights Entitlements available in their demat account. However, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 47
Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations

Term	Description
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI ICDR Master Circular, circulars issued by the Depositories from time to time and other applicable laws
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI ICDR Master Circular, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●]
Order Book	Our order book as of a particular date which comprises the estimated revenues (including escalations) from the unexecuted portion of all our existing contracts
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, to be decided prior to filing of the Letter of Offer, being [●]
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being [●]
Registrar Agreement	Agreement dated December 13, 2023 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar pertaining to this Issue
"Registrar to the Issue" or "Registrar"	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation in accordance with the SEBI master circular bearing number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement(s)	Number of Rights 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, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to the Issue
SCSB(s)	Self-certified syndicate bank(s) 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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or such other website as updated from time to time
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, i.e., BSE and NSE
Transfer Date	The date on which the Application Money held in the escrow account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Days	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupee
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AGM	Annual general meeting
Arbitration Act	Arbitration and Conciliation Act, 1996, as amended
AS or Accounting Standards	Accounting standards issued by the ICAI
BSE	BSE Limited
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF

Term/Abbreviation	Description/ Full Form
	Regulations
Category I FPIs	FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CHF	Confoederatio Helvetica franc (Swiss Franc)
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
CIRP	Corporate Insolvency Resolution Process
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act	Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013 along with the relevant rules made thereunder
Competition Act	The Competition Act, 2002
CSR	Corporate Social Responsibility
"CY" or "Calendar year"	Calendar year ended December 31
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act
DP ID	Depository Participant's Identification number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly Department of Industrial Policy and Promotion)
EBITDA	Earning from continuing operations before tax expense, exceptional items, finance costs, depreciation and amortisation, other income and share of net profit of Associates and Joint Ventures
ECB	External Commercial Borrowings
EGM	Extraordinary general meeting
EPS	Earnings Per Share
EUR	Euro
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Financial Year" or "Fiscal Year" or "Fiscal" or "FY"	Period of 12 months ending March 31 of that particular year
FDI Policy	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020
FIR	First information report
FPI	Foreign portfolio investors as defined and registered under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GAAP	Generally Accepted Accounting Principles in India
GDP	Gross domestic product
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
GST	Goods and services tax
"IBC" or "Bankruptcy Code"	The Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
Income Tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with

Term/Abbreviation	Description/ Full Form
	Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
IT	Information technology
KYC	Know your customer
MCA	Ministry of Corporate Affairs, Government of India
"Mn" or "mn"	Million
MoU	Memorandum of understanding
"MSME" or "SME"	Micro, Small and Medium Enterprise
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
NCD	Non-convertible debenture
NCLT	National Company Law Tribunal
Net Worth	Net worth as defined under Regulation 2(1)(hh) of the SEBI ICDR Regulations, i.e., the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
Non-GAAP Financial Measure	A financial measure not presented in accordance with generally accepted accounting principles
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE	Non- Residential External
NRE Account	Non-resident external account
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
NRO	Non-Resident Ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
"OCBs" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
ODI	Off-shore Derivate Instruments
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Maharashtra at Mumbai
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994

Term/Abbreviation	Description/ Full Form
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI ICDR Master Circular	SEBI master circular bearing number SEBI/HO/CFD/PoD- 2/P/CIR/2023/00094 dated June 21, 2023
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
STT	Securities Transaction Tax
State Government	Government of a state of India
TAN	Tax deduction account number
TDS	Tax deduction at source
UPI	Unified Payment Interface
USD	United States Dollar
"U.S." or "USA" or "United States"	United States of America, its territories or possessions, any state of the United States, and the District of Columbia
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
YoY	Year on year

Industry Related Terms

Term/Abbreviation	Description/ Full Form
BOOT	Built operate own and transfer
BOT	Built operate transfer
EPC	Engineering, Procurement and Construction
GDP	Gross Domestic Product
GW	Gigawatt
ISO	International Organization for Standardization
Km	Kilometre
MMT	Million Metric Tonnes
NHAI	National Highways Authority of India
NHPC Limited	National Hydroelectric Power Corporation Limited
OCI	Other Comprehensive Income
sq.ft.	Square feet
sq.km.	Square kilometre
TBM	Tunnel Boring Machine
WDV	Written Down Value

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares 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, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions.

The Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the "**Issue Materials**") will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Manager, SEBI, and the Stock Exchanges.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent to the registered email addresses of such Eligible Equity Shareholders.

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 is being filed with SEBI for observations. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, Letter of Offer, and any other Issue Materials may not be distributed, in whole or in part, in or into any jurisdiction (other than in India), except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, Letter of Offer, and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, Letter of Offer, and any other Issue Materials should not distribute or send this Draft Letter of Offer, Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer or Letter of Offer or any other Issue Material is received by any person in any such jurisdiction, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Letter of Offer or any of the Issue Materials.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or the Lead Manager or its affiliates to make any filing or registration (other than in India).

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it is either in India or is in compliance with laws of its jurisdiction, and in each case is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form that: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including that such person submitting and/or renouncing the Application Form is outside the United States and that such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Draft Letter of Offer nor any sale of Rights Equity Shares 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 should not be construed as legal, tax, business, financial 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 Rights Equity Shares or Rights Entitlements. 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 the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager or its affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are 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.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR.

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. No Application Form should 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 the Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations. The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. federal or state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of the Draft Letter of Offer or Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year. Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results. The Company's Financial Year commences on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' or 'FY' are to the financial years ended March 31. For details of the financial statements, see *"Financial Statements"* on page 106.

We have prepared our annual Audited Consolidated Financial Statements in accordance with Ind AS and Unaudited Consolidated Financial Results in accordance with recognition and measurement principles laid down in Ind AS 34 prescribed under the Section 133 of the Companies Act 2013 and Regulation 33, 52 and 63 of SEBI LODR Regulations. The Company publishes its financial statements in Indian Rupees. 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.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

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

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (collectively, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Draft Letter of Offer, such as EBITDA. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of other companies in our industry. However, these Non-GAAP Financial Measures may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer have been derived from the report titled "*Industry Research on Infrastructure sector in India*" pursuant to the engagement letter dated October 17, 2023. The CARE Report has been commissioned and paid for by our Company, for an agreed fee only for the purposes of confirming our understanding of the industry in connection with the Issue. CARE is not in any manner related to our Company, our Directors or our Promoters.

The CARE Report is subject to the following disclaimer:

"This report is prepared by CARE Analytics and Advisory Private Limited (CareEdge Research). CareEdge Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in CareEdge Research's proprietary database, and other sources considered by CareEdge Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CareEdge Research which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. CareEdge Research is also not responsible for any errors in transmission and specifically states that it, or its Directors, employees, parent company – CARE Ratings Ltd., or its Directors, employees do not have any financial liabilities whatsoever to the subscribers/users of this report. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorized recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research.

CareEdge Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so. By accepting a copy of this Report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this Report."

Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Letter of Offer. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based solely on such information.

Currency of Presentation

All references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India;
- 'US$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America;
- 'Euro', 'EUR', '€' and 'Euros' are to the legal currency of the European Union; and
- 'CHF', 'Fr.', 'Swiss Franc' and 'Confoederatio Helvetica Franc' are to the legal currency of Switzerland.

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:

This Letter of Offer contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

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

Sr. No.	Name of the Currency	Exchange rate as on			
		September 30, 2023 (in ₹)	September 30, 2022 (in ₹)	March 31, 2023 (in ₹)	March 31, 2022 (in ₹)
1.	1 USD	83.06	81.55	82.22	75.81
2.	1 EUR	87.94	80.11	89.61	84.66
3.	1 CHF	90.78	82.68	89.93	82.40

(Source: http://www.fbil.org.in)
Notes:
(1) Exchange rates are rounded off to two decimal points
(2) Wherever the exchange rate was not available on account of September 30 or March 31 being a holiday, the exchange rate as of the immediately preceding working day has been provided.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to' 'intend', 'is likely', '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, result 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 contained in this Draft Letter of Offer (whether made by our Company or any third party), 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 actual results to differ materially from the Company's expectations include, among others:

- Our business is primarily dependent on projects in India undertaken or awarded by government authorities or other entities funded by the Government of India or State Governments and we derive majority of our revenues from contracts with a limited number of Government entities. Any adverse changes in the Central or State Government policies may lead to our contracts being foreclosed, terminated, restructured or renegotiated, which may have a material effect on our business, revenue and results of operations;

- Our business is substantially dependent on our ability to accurately carryout the pre-bidding engineering studies for bidding in such projects. Any deviation during the implementation and operation of the project as compared to our pre-bid engineering studies could have a material adverse effect on our cash flows, results of operations and financial condition;

- Projects included in our Order Book and our future projects may be delayed, modified or cancelled for reasons beyond our control which may materially and adversely affect our business, prospects, reputation, profitability, financial condition and results of operation;

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

- Our projects are subject to construction, financing, force majeure and operational risks;

- 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 time and cost overruns which may cause us to experience reduced profits or losses and, in some cases, cancellation or deferrals of contracts; and

- Any inability to manage our growth could disrupt our business and reduce our profitability.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 17 and 299, respectively.

The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of our Company's management, as well as the assumptions made by, and information currently available to, our Company's management. Whilst 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 our Company, the Lead Manager and its respective affiliate undertake no obligation to update or revise any of them, whether as a result of new information, future events 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.

In accordance with SEBI and Stock Exchange requirements, our Company and the Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SUMMARY OF DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures and terms of the Issue included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, in the sections entitled "*Risk Factors*", "*Objects of the Issue*", "*Our Business*" and "*Outstanding Litigation and Defaults*" beginning on pages 17, 47, 90 and 327, respectively.

For updates in relation to financial and operational performance as of and for the period ended September 30, 2023, see "*Material Developments*" beginning on page 345.

Primary Business of our Company

We are one of the key engineering and construction companies and one of the oldest infrastructure development companies in India (*Source: CARE Report*). Our business operations include, (i) engineering and construction; (ii) infrastructure development; and (iii) real estate construction, as a single operating segment of engineering and construction.

Objects of the Issue

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

(in ₹ crore)

Particulars	Estimated amount (up to)
Funding long-term working capital requirements of our Company	213.75
General corporate purposes*	[●]
Total Net Proceeds	[●]

** To be finalized upon determination of Issue Price and updated in the Letter of Offer. The amount shall not exceed 25% of the Issue Proceeds.*

For further details, see *"Objects of the Issue"* beginning on page 47.

Intention and extent of participation by our Promoters / Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement

Our Promoters and Promoter Group have vide their letters each dated December 14, 2023 confirmed that they (a) may subscribe to their Rights Entitlements in the Issue or may renounce their Rights Entitlements in part of in full, in favour of the Promoters or other members of our Promoter Group or in favour of existing shareholders of the Company or a third party; or (b) may subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlements acquired through renunciation, either individually or jointly and/ or severally with the Promoters or any other members of the Promoter Group, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations. Provided that if any of the Promoters or members of the Promoter Group renounce any Rights Entitlements in favour of any third party (not being a Promoter or a member of the Promoter Group), whether or not an existing member of the Company, (i) such renouncing Promoter or member of the Promoter Group shall not apply for subscription to additional Rights Entitlements; and (ii) in the event that minimum subscription of 90% is applicable to the Issue under Regulation 86 of the SEBI ICDR Regulations and the same is not achieved, the Promoters and the members of the Promoter Group shall subscribe fully to the portion of their Rights Entitlements, such that the minimum subscription of 90% will not be applicable to the Issue in accordance with Regulation 86 of the SEBI ICDR Regulations.

In case of (b) above, subscription to additional Rights Equity Shares shall be made to the extent that it does not result in any obligation on our Promoters and members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations and shall be in compliance with the Companies Act, the SEBI ICDR Regulations and other applicable laws. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Draft Letter of Offer is set forth in the table below:

Name of entity	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Proceedings involving issues of moral turpitude or criminal liability	Proceedings before regulatory authorities involving material violations of statutory regulations	Tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Matters involving economic offences	Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company	Amount Involved* (₹ in crore unless otherwise stated)
Company							
By the Company	52	Nil	Nil	Nil	Nil	2	4,986.60#^
Against the Company	8	4	Nil	3	Nil	1	1,745.15
Subsidiaries							
By the Subsidiaries **	5	Nil	Nil	Nil	Nil	Nil	555.31
Against the Subsidiaries	9	Nil	Nil	Nil	Nil	Nil	2,452.53

**To the extent ascertainable.*

#This does not include a claim for EUR 232,964 in relation to an arbitral award dated May 30,2015 passed in connection with an arbitration proceeding between our Company and NHAI. For details, see "Outstanding Litigation and Defaults – Litigation by our Company – Material Civil Proceedings - 26" on page 335.

^ This does not include an amount aggregating to ₹2,962.90 crore representing amounts withdrawn by our Company by furnishing bank guarantees in certain arbitration matters. For details, see "Outstanding Litigation and Defaults – Litigation by our Company – Material Civil Proceedings" on page 330.

*** This does not include amount aggregating to CHF 53.50 million representing claims submitted by Steiner AG against various parties. For details, see "Outstanding Litigation and Defaults – Litigation by our Subsidiaries – Material Civil Proceedings" on page 342.*

For further details, see "*Outstanding Litigation and Defaults*" beginning on page 327.

Risk Factors

Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For details, see "*Risk Factors*" beginning on page 17.

Contingent liabilities

For details regarding our contingent liabilities as per Ind AS 37 for the Financial Year 2023 and Financial Year 2022, see "*Financial Statements*" beginning on page 106.

Related party transactions

For details regarding our related party transactions as per Ind AS 24 entered into by us for Financial Year 2023 and Financial Year 2022, see notes 42 and notes 43 respectively, in the notes to the Audited Consolidated Financial Statements in "*Financial Statements*" beginning on page 106.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Draft Letter of Offer.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, Directors or their relatives have financed the purchase by any other person of securities of our Company, during the period of six months immediately preceding the date of this Draft Letter of Offer.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Except than as disclosed below, no exemption has been sought by our Company from complying with any provisions of securities laws, granted by SEBI.

(i) Pursuant to the debt resolution plan undertaken by our Company, Prolific Resolution Private Limited ("**PRPL**"), an erstwhile subsidiary of our Company, was required to issue NCDs of an amount not exceeding ₹3,500 crore to our lenders against conversion of the debt novated by our Company for consideration other than cash, on a private placement basis on BSE. PRPL *vide* letter dated July 7, 2022 to SEBI sought an exemption from the applicability of Regulation 12 of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("**SEBI NCS Regulations**") and the SEBI Operational Circular for Issue and Listing of Non-Convertible Securities, Securitized Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Papers of Non-Convertible Debentures dated August 10, 2021 ("**Operational Circular**"), which stipulate that the private placement of NCDs in a single issue of ₹100 crore or more be mandatorily made through the electronic book provider platform ("**EBP Platform**"). Subsequently, SEBI *vide* its letter dated August 30, 2022 granted the exemption sought by PRPL and directed PRPL to *inter alia* submit certain documents prior to the listing of the NCDs, such as details of PRPL and the inter-creditor agreement as well as a draft placement memorandum for the issue.

(ii) Pursuant to the debt resolution plan undertaken by our Company, our Company was required to issue NCDs of an amount not exceeding ₹841.22 crore to our lenders against conversion of existing facilities for consideration other than cash, on a private placement basis on BSE. Our Company *vide* letter dated July 7, 2022 to SEBI sought a similar exemption from the applicability of Regulation 12 of the SEBI NCS Regulations and the Operational Circular, which stipulate that the private placement of NCDs in a single issue of ₹100 crore or more be mandatorily made through the EBP Platform. Subsequently, SEBI *vide* its letter dated September 22, 2022 granted the exemption sought by our Company and directed our Company to *inter alia* submit certain documents prior to the listing of the NCDs, such as details of our Company and the inter-creditor agreement as well as a draft placement memorandum for the issue.

(iii) Pursuant to the approval of the resolution plan of our Company in 2016, our Company was required to issue optionally convertible debentures ("**OCDs**") aggregating to ₹1,467.16 crore to our lenders, with a conversion option available to lenders to convert the OCDs into Equity Shares within 18 months from the date of issuance. ICICI Bank Limited ("**ICICI**"), acting on behalf of our lenders, *vide* its letter dated April 17, 2018 to SEBI sought an exemption from the applicability of Regulation 75 of the erstwhile Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and sought permission to extend the conversion option and tenure of OCDs to a period of 10 years from the date of issuance. SEBI *vide* its letter dated May 24, 2018 granted this exemption to ICICI. Subsequently, ICICI *vide* its letters dated July 7, 2022 and July 21, 2022 sought an exemption from the applicability of Regulation 162 of the SEBI ICDR Regulations and sought permission to extend the conversion option and tenure of the OCDs by two more years. SEBI *vide* its letter dated September 27, 2022 granted this exemption to ICICI.

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.

Internal Risk Factors

1. ***Our business is primarily dependent on projects in India undertaken or awarded by government authorities or other entities funded by the Government of India or State Governments and we derive majority of our revenues from contracts with a limited number of Government entities. Any adverse changes in the Central or State Government policies may lead to our contracts being foreclosed, terminated, restructured or renegotiated, which may have a material effect on our business, revenue and results of operations.***

Majority of our contacts and agreements are entered into with various Central/State Governments and public sector undertakings ("**PSUs**") wherein Central and/or State Governments hold a majority stake. Public sector undertakings are controlled by the Government and there may be considerations while awarding projects, which can be beyond our control. The details of revenue from operations (on a standalone basis) for the six months period ended on September 30, 2023 and the Fiscals 2023 and 2022 are as follows:

Particulars	For the six months ended September 30, 2023	Fiscal 2023	Fiscal 2022
Revenue from operations generated from projects awarded by central/state governments/ public sector undertakings (on a standalone basis) (in ₹ crore)	2,308.55	5,217.34	4,665.44
Contribution to total revenue from operations (on a standalone basis) (%)	97.40	99.91	99.98

The majority of our business is procured from projects undertaken by them in the infrastructure sector including hydro power, irrigation and water supply, development of roads, tunnels and urban infrastructure and are subject to unforeseeable delays. 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. As on September 30, 2023, contracts and/or orders awarded by the Central and State Governments and PSUs in India constituted 100% of our Order Book. In the past, Central and State Government policies on environment-related issues have resulted in foreclosure of contracts. For instance, in one of our hydroelectric power projects, while mobilisation of the project was underway, the client informed us that the empowered committee, constituted by the Central Government, had decided to discontinue the project due to environmental concerns after environmental activists and local residents protested the construction of the hydroelectric power project on the Ganga river. While this was a loss of an earning opportunity for the Company, the loss was later recovered through an arbitration award.

In addition, 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, as per the time prescribed in the contract. For instance, one of the projects undertaken by our Company was terminated by the concerned authority without attributing any reason to our Company. We cannot assure you that we will be able to recover the remaining amount or any amount for any project in the future. Further, performance guarantees and guarantees for advances are also common and are typically unconditional and payable on demand, and may be invoked by the client without reason unless injunctions are obtained by the company. Since the majority of our projects are contracts with the Central and State Governments or public sector undertakings, we are susceptible to such termination or invocation. In the event that a contract is so terminated or invoked without cause, our financial condition and operations will be adversely affected.

Given that we derive a significant portion of our revenue from Central and State Governments as well as government-controlled entities, we are exposed to additional risks including:

- stricter regulatory requirements which may increase our compliance costs;
- delays in project implementation and key initiatives where we have invested significant costs;
- delays in payment due to the time taken to complete internal processes of such entities and agencies;
- the tender process may be cumbersome and subject to multiple levels of scrutiny resulting into significant delays and/or renegotiation of the terms of the bid or lowering the price for services included in the tender;
- political and economic factors such as pending elections, changes in leadership among key governmental decision makers, changes or delays in the implementation of government policies, changes in law, revisions in tax policies and reduced tax revenues can affect the number and terms of new government contracts signed;
- any disinvestment by the governmental entities of its shareholding in such entities could result in a change in business operations of such entities, which may impact existing or future business arrangements between our Company and such entities;
- terms and conditions of contracts, including requests for proposals and tenders tend to be more onerous and are often more difficult to negotiate than those for other commercial contracts; and
- in the event of any non-payment or delay in payment by customers, we may be unable to make payments to our third-party contractors who may initiate proceedings against our Company, which may result in an adverse impact on our business, results of operation and financial conditions.

Further, payments from the Central, State and Local Governmental authorities or the PSUs in India may be subject to several delays due to regulatory scrutiny and long procedural formalities, including any audit by the Comptroller and Auditor General of India. If payments under our contracts with the Central, State and Local Governmental authorities in India are delayed, our working capital requirements would be adversely affected, resulting in additional finance costs and increase in our realization cycle. For instance, in one of our projects for the Indian Railways, there were significant delays in payment of monthly bills. Any delay in payments from the central, state and local governmental authorities in India may adversely affect our financial condition and results of operations.

2. ***Our business is substantially dependent on our ability to accurately carryout the pre-bidding engineering studies for bidding in such projects. Any deviation during the implementation and operation of the project as compared to our pre-bid engineering studies could have a material adverse effect on our cash flows, results of operations and financial condition.***

In addition to our in-house experience in engineering survey, we also appoint technical consultants to carry out detailed inspection of the relevant project area and to record and highlight important features and identify any issue that may be of importance in terms of implementation and operation of such project. While we hire technical consultants for the purpose of carrying our pre-bidding engineering studies, we may not be able to assure the accuracy of such studies. The accuracy of the pre-bidding studies is dependent on the following key elements:

- preparing a project road map based on investigations of the project site which include amongst other, pavement conditions, major water bodies, indication of any notified forest, right of way details, sensitive receptors on the project site, local conditions;
- undertaking engineering surveys and preliminary designs which broadly include carrying out inventory and detailed condition surveys, carrying our preliminary pavement investigations, availability of construction materials and resources, identification of geometrically deficient stretches, investigating intersections and stretches and implementing design in accordance with environmental and social concern;
- preparation of operations and maintenance estimates for the entire contract period of the project; and
- preparation of bills of quantities, in consultation with our Company covering all the items required in the work.

Any deterrence or deviation in the estimation and calculation of the aforementioned key elements, may hamper the quality of the pre-bid engineering study, on which we rely before submitting any tenders for the relevant project. Any deviation during the implementation and operation of the project as compared to our pre-bid engineering studies could have a material adverse effect on our cash flows, results of operations and financial condition.

3. ***Projects included in our Order Book and our future projects may be delayed, modified or cancelled for reasons beyond our control which may materially and adversely affect our business, prospects, reputation, profitability, financial condition and results of operation.***

Our consolidated Order Book as of September 30, 2023 was ₹16,467 crore, which comprises the balance value of work to be executed in respect of our existing contracts. Our Order Book sets forth our expected revenues from unexecuted portion of the projects awarded. However, project delays, modifications in the scope or cancellation of awards may occur from time to time due to either the client’s or our default, incidents of force majeure or legal impediments. For example, in some of the projects which are usually awarded to us, we or our clients are obliged to take certain actions, such as acquiring land, securing right of way, clearing forests, securing required licenses, authorizations or permits, making advance payments or opening of letters of credit or moving existing utilities, which may be delayed due to our client's non- performance, our own breaches or any *force majeure* events. In an EPC project, we may be required to incur significant additional costs due to project delays and our counterparties may seek liquidated damages due to our failure to complete the required milestones or even terminate the construction contract totally or refuse to grant us any extension. Further, the schedule of completion of a project may be reset due to the aforementioned factors and we may not be able to recognize revenue if the required percentage of completion is not achieved in the specified timeframe. Accordingly, our Order Book may vary materially if the time taken or amount payable for completion of ongoing projects of our Company changes. For instance, in one of our hydroelectric power projects, the governmental authority had decided to discontinue the project due to environmental concerns.

In addition, there may be a risk that the actual revenue from operations may vary substantially from the projected value of our Order Book due to cancellation of the projects which have been awarded to us, in terms of the contractual arrangement with our clients. Furthermore, in the event we are not awarded any project for which we have emerged as the lowest bidder due to any reason whatsoever, our actual revenue for a particular period may not meet our forecast for the said period. Our contracts may be amended, delayed or cancelled before work commences or during the course of construction. Due to unexpected changes in a project's scope and schedule, we cannot predict with certainty when or if expected revenues as reflected in the Order Book will be achieved. For instance, one of our projects is on hold at the instructions of the district administration following land subsidence, which has resulted in unforeseeable delay. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed or receivables due to us. If any or all of these risks materialize, our business, prospects, reputation, profitability, financial condition and results of operation may be materially and adversely affected.

4. ***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.

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.

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

The 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 project 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.

6. ***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 time and cost overruns which may cause us to experience reduced profits or losses and, in some cases, cancellation or deferrals of contracts.***

   We enter into contracts 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. While typically these types of contracts include suitable escalation clauses for increases in the costs of materials and labour, there are certain contracts wherein such provision does not exist or in which the escalation clause is limited, which results in our Company bearing all or a portion of the increased costs. 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 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 or time overruns may occur and we could experience delay in realisation of the revenues and reduced profits, or in some cases incur losses. In one of our highway projects, the quantities vis-à-vis the designs prepared by us in the initial tender stage increased from the tender estimates due to the actual ground conditions.

   In addition to the aforesaid, 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 adverse effects on performing other parts of the contract. Additionally, deviation from pre-bid estimates with respect to costs, scope of work, time overruns etc. can adversely impact profitability of projects and also result in our projects getting delayed. For instance, in one of our highway projects, execution of the project was delayed due to unavailability of encumbrance-free land. These inherent risks of our 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.

   Further, there may be certain construction related faults which could typically result in revision/modification to our design and engineering thereby resulting in increased expenditure including interest costs, cost of operations on account of additional work executed towards rehabilitation and further expenditure incurred towards appointment of external consultants for assistance in revising our design. We may not be able to recover such increased costs from our customers in part, or at all, and may further be subject to penalties, including liquidated damages on account of such construction faults arising in our projects. We may further face delays in the estimated project completion schedule in respect of such projects on account of additional works required to be undertaken towards rectifying such construction faults and are dependent upon our clients permitting extension of time of completion of such projects.

   There can be no assurance that any cost escalation or additional liabilities in connection with the development of such projects would be fully offset by amounts due to us pursuant to the guarantees and indemnities, if any, provided by our contractors or insurance policies that we maintain. Delays in completion and commercial operation of our projects under construction could increase the financing costs associated with the construction and cause costs to exceed our forecasted budgets. We also cannot assure you that our clients will permit such revised completion schedule to be implemented to the necessary extent or at all, and we may be held in breach of the terms and conditions of the contracts in respect of such projects pertaining to completion schedule. Further, such construction faults may result in loss of goodwill and reputation, and may have a material and adverse impact our eligibility in respect of future bids made by us towards projects, thereby affecting our future operations and revenues. Pursuant to certain agreements entered into with various clients, we may be required to indemnify our clients against losses and damaged incurred by them, including damages and penalties for delays in execution of a project. Our liability to pay liquidated damages for a contractor's default is generally limited and capped. However, in the event we terminate any contractor, due to any contractual default of their part, it may affect our results of operations and our financial condition.

7. ***Any inability to manage our growth in our operations in India could disrupt our business and reduce our profitability.***

   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. Our revenue from operations in India from Fiscal 2022 to Fiscal 2023 has grown at a YoY rate of 16.02% from ₹4,720.72 crore to ₹5,477.17 crore. While we are able to execute projects through our internal accruals and external funding from our lenders, we cannot assure that our Company will have access to the liquidity or such funding in the future. Further, our business is labour-intensive, which requires us to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. Accordingly, 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, which may result in 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. For instance, one of our projects under execution, involves reclamation of land, construction of seawall, bridges on the land as well as in the sea including a single span of 120 m steel arch, pedestrian and vehicular underpasses, underground car parks and promenade area. Accordingly, we not only maintain but are required to constantly improve 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. If we are not successful in managing our growth, our business may be disrupted and profitability may be reduced. Consequently, our business, prospects, financial condition and results of operations may be adversely affected.

8. ***The reports issued by our Statutory Auditors in the past on Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results of our Company contain certain qualifications.***

The review report dated November 9, 2023 for our 2023 September Unaudited Consolidated Financial Results contains certain qualifications including:

"*As stated in Note 3 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹741.93 crore as at 30 September 2023, which mainly includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the Holding Company's management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 30 September 2023.*

Our audit report dated 18 May 2023 on the consolidated financial results of the Group for the quarter and year ended 31 March 2023 and review reports dated 03 August 2023 and 10 November 2022 on the consolidated unaudited financial results of the Group for the quarter ended 30 June 2023 and for the quarter and six month period ended 30 September 2022, respectively, were also qualified in respect of this matter."

The review report dated November 10, 2022 for our 2022 September Unaudited Consolidated Financial Results contains certain qualifications including:

"*As stated in Note 3 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹741.74 crore as at 30 September 2022 mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the Holding Company's history of losses, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 30 September 2022.*

Our audit report dated 12 May 2022 on the consolidated audited financial result for the year ended 31 March 2022 and review reports dated 4 August 2022 and 11 November 2021 on the consolidated unaudited financial results for the quarter ended 30 June 2022 and for the quarter and six months ended 30 September 2021, respectively was also qualified in respect of this matter."

The audit report dated May 18, 2023 for our Audited Consolidated Financial Statements for the Financial Year 2023 contains certain qualifications including:

"*Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹741.93 crore as at 31 March 2023, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2023.*

Our audit report dated 12 May 2022 on the consolidated audited financial statements for the year ended 31 March 2022 was also qualified in respect of this matter"

The audit report dated May 12, 2022 for our Audited Consolidated Financial Statements for the Financial Year 2022 contains certain qualifications including:

"*Note 30.1 to the accompanying consolidated financial statements, the Holding Company has accounted for managerial remuneration paid/payable to Whole Time Directors (including Chairman and Managing Director) of the Holding Company aggregating ₹41.07 crore for the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022, in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the* *shareholders have been obtained as prescribed, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained by the Holding Company.*

Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter"

"Note 19.3 to the accompanying consolidated financial statements, the Holding Company's current borrowings, other current financial liabilities and liabilities of disposal group held for sale as at 31 March 2022 include balances amounting to ₹49.67 crore, ₹320.55 and ₹2.85 crore, respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been received. Further, confirmations from banks/ lenders have not been received for balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits with banks (included under bank balances other than cash and cash equivalents) as at 31 March 2022 amounting to ₹2.18 crore and ₹0.95 crore, respectively. In the absence of such confirmations from the banks/ lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments if any, that may be required to the carrying value of the aforementioned balances in the accompanying consolidated financial statements.

Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter"

"*Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹741.74 crore outstanding as at 31 March 2022, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Holding Company, uncertainty with respect to outcome of the resolution plan as referred to in Note 2.1 (vi), we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid deferred tax assets as at 31 March 2022.*

Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter"

Further, for details on the emphasis of matters appearing in our financial statements, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Statutory Auditors' Qualifications or Observations*" on page 325. A qualified audit/ review report from our Statutory 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 Statutory Auditors will not qualify their conclusion/ opinion in the future. For further details, see "*Financial Statements*" on page 106.

9. We rely on third parties to complete certain projects and any failure arising from the non-performance, late performance or poor performance by such third parties, or failure by a third-party subcontractor to comply with applicable laws could affect the completion of our contracts, reputation and financial performance.

We are mostly engaged as the main contractor and we further sub-contract part of our work on most of our projects. As we rely on third-party subcontractors to perform a substantial amount of the work under our contracts, our payments are dependent on, *inter alia*, the performance of the sub-contractors. We also rely on third-party equipment manufacturers or suppliers to provide the equipment and materials used for engineering and construction projects. 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 solely 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, inordinate delays in completion 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 and financial performance. For instance, in one of our projects, some of our subcontractors failed to mobilise adequate resources on time causing temporary delays in the project. The scope of work of the subcontractors was later reduced and the project was completed, with the impact of the delay being absorbed by the Company.

In addition, any failure of the 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. 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 to the 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.

10. ***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.***

Our Company purchases significant amount of materials, including steel, cement, wires etc. for its operations. Our major raw materials are commodities including steel, cement, high speed diesel oil, aggregates etc., which are prone to frequent price fluctuations and the timely availability of such materials is uncertain. While our Company maintains strong relationship with numerous suppliers in order to avoid risks of unavailability of resources, any unforeseeable unavailability of such resources could materially disrupt our Company's operations. Delay or failure in the supply of materials from vendors impacts the progress of our work can thereby adversely impact operations. Procurement of material in excess of budgeted price also impacts profitability.

Further, we are often required to work with the 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 can be adversely affected by the unavailability or fluctuating costs 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. Fluctuations in the prices of the underlying raw materials may also indirectly impact the prices of equipment and components procured for our operations. 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.

11. ***There are outstanding legal proceedings involving our Company and our Subsidiaries. Any adverse outcome in any of these proceedings may adversely affect our reputation, business, operations, financial condition and results of operations.***

There are certain outstanding arbitrations, legal proceedings and claims involving our Company and our Subsidiaries, which are pending at different levels of adjudication before various courts, tribunals and other authorities. A summary of the litigation involving our Company and our Subsidiaries is set out below.

Name of entity	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Proceedings involving issues of moral turpitude or criminal liability	Proceedings before regulatory authorities involving material violations of statutory regulations	Tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Matters involving economic offences	Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company	Amount Involved* (₹ in crore unless otherwise stated)
Company							
By the Company	52	Nil	Nil	Nil	Nil	2	4,986.60#^
Against the Company	8	4	Nil	3	Nil	1	1,745.15
Subsidiaries							
By the Subsidiaries**	5	Nil	Nil	Nil	Nil	Nil	555.31
Against the Subsidiaries	9	Nil	Nil	Nil	Nil	Nil	2,452.53

**To the extent ascertainable.*

#This does not include a claim for EUR 232,964 in relation to an arbitral award dated May 30,2015 passed in connection with an arbitration proceeding between our Company and NHAI. For details, see "Outstanding Litigation and Defaults – Litigation by our Company – Material Civil Proceedings - 26" on page 335.

^ This does not include an amount aggregating to ₹2,962.90 crore representing amounts withdrawn by our Company by furnishing bank guarantees in certain arbitration matters. For details, see "Outstanding Litigation and Defaults – Litigation by our Company – Material Civil Proceedings" on page 340.

*** This does not include amount aggregating to CHF 53.50 million representing claims submitted by Steiner AG against various parties. For details, see "Outstanding Litigation and Defaults – Litigation by our Subsidiaries – Material Civil Proceedings" on page 342.*

In addition, should any new development arise such as changes in India law or rulings against us by the final adjudicating authority / appellate authorities / Supreme Court, we may need to make provisions in our financial statements which could increase our expenses and current liabilities. We cannot assure you that any of the outstanding legal proceedings will be settled favourably, or that no additional liability will arise out of these proceedings. For details of outstanding material legal proceedings, see "*Outstanding Litigation and Defaults*" on page 327. Such proceedings could divert management time and attention and consume financial resources in their defence or prosecution. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could, to that extent, increase our expenses and our liabilities.

12. ***Our financing agreements contain certain restrictive covenants including requiring prior consent of our lenders for undertaking a number of corporate actions, including the Issue, which may affect our interest. We are also subject to restrictions on our financial and operational flexibility and certain risks associated with debt financing.***

As of September 30, 2023, we had total borrowings (current borrowings and non-current borrowings) for amounts aggregating to ₹2,398.70 crore (excluding accrued interest of ₹1,741.21 crore as of September 30, 2023, which are accounted under other financial liabilities). Some debt financing agreements entered into by our Company or our Subsidiaries contain restrictive covenants, and/or events of default that limit our ability to undertake certain types of transactions, which may adversely affect our business and financial condition. Pursuant to Resolution Plan (as defined in "*Our Business – Strategies - Improving the settlement of our claims with our customers/lenders*" on page 95), our Company and our lenders ("**Consortium**") entered into a framework agreement dated July 20, 2022 ("**Framework Agreement**"), pursuant to which borrowings of our Company were restructured as per terms mentioned therein.

The Framework Agreement contains certain covenants that require us to undertake certain activities or transactions. The Framework Agreement also requires our Company to undertake an offering of the Equity Shares through rights issue or a preferential issue for a minimum amount of ₹250 crore by March 31, 2024, which is required to be utilised towards operations and growth of our Company. Our Company is also required to ensure that 5% of the Issue proceeds shall be utilised towards payment of the outstanding amount to the Consortium. For details, see "*Objects of the Offer – General Corporate purposes*" on page 50. Further, the Framework Agreement requires our Company to obtain consents from the Consortium for undertaking certain activities such as *inter alia*, declaration of dividends, disposal of assets and payment of remuneration to the Directors above a prescribed threshold. Non-compliance or delay in compliance of the restrictive covenants specified under the Framework Agreement may result into the enforcement of the security or invocation of guarantees provided by our Company. In such an event, we may be unable to incur additional borrowings and we may be unable to repay the amounts due. This may have a material and adverse effect on our financial condition and results of operation and even cause us to become bankrupt or insolvent.

Further, in relation to our debt financing of Lavasa Corporation Limited ("**LCL**"), the lenders had invoked put options and corporate guarantees given to them.

As per the debenture sale purchase agreement dated September 29, 2017 ("**DSPA**"), Lavasa Corporation Limited, an erstwhile subsidiary of our Company, had issued non-convertible debentures ("**NCDs**") to SSG Investment Holding India I Limited and India Opportunities II Pte. Limited ("**Debenture Holders**"). In consideration of the Debenture Holders having agreed to a restructuring of the terms of the NCDs, the parties to the DSPA agreed to certain payments in relation to, and transfer of, the debentures, upon LCL failing to make certain payments under the debenture trust deeds. Our step-down subsidiary HCC Operations and Maintenance Limited ("**HOML**"), also signed the DSPA, pursuant to which it is required to purchase debentures from the Debenture Holders, in the event of any default under the DSPA for an aggregate consideration of ₹138 crore plus interest of 10.27% per annum. Our Company is a confirming party to the DSPA for redemption of debentures to the Debenture Holders.

On August 8, 2019, HOML received a notice for payment due to its default in payment of purchase consideration amount of ₹185.25 crore to the Debenture Holders. As on September 30, 2023, the amount claimed stood at ₹306.50 crore. Further, as at September 30, 2023, our Subsidiaries, namely Raiganj-Dalkhola Highways Limited and Highbar Technologies Limited, have also defaulted on repayment of their term loans aggregating to ₹56.14 crore and ₹10.77 crore, respectively, of which former has been repaid in October 2023, and the latter remains overdue, as on the date of this Draft Letter of Offer. While there has been no further action taken against our Subsidiaries or our Company in this regard till date, we cannot assure you that no action will be taken in the future.

13. ***Our financials contain certain long-term borrowings, in relation to which the Company has issued OCDs to its lenders and which may be converted into to be equity shares of the Company in the event of any future default.***

Our Company had issued optionally convertible debentures ("**OCDs**") to our lenders, as part of the Scheme for Sustainable Structuring of Stressed Assets ("**S4A Scheme**") of the Reserve Bank of India, which allows companies to deal with their stressed assets through financial restructuring. The OCDs were issued with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. compounded on a quarterly basis. In terms of the S4A Scheme, the OCDs were required to be converted into non-convertible debentures in case of non-occurrence of event of default. Pursuant to Regulation 75 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the OCDs were required to be converted into Equity Shares within 18 months, however, the same was extended to a period of 10 years. Further, the lenders have also sought an exemption from the SEBI for extension of period of redemption of the OCDs. For details on the exemption received from the SEBI, see "*Summary of Draft Letter of Offer – Exemption from complying with any provisions of securities laws, if any, granted by SEBI*" on page 15.

In case of any default on the repayment by the Company, we may have to convert the OCDs into the Equity Shares to our lenders, which may have an adverse impact on our financial condition and operations of our business and the shareholding of the existing or prospective shareholders of our Company may be diluted.

14. ***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 business and operation involves inherent industrial risks and occupational hazards and are subject to hazards inherent in providing architectural and construction services, such as and including risk of equipment failure. Such inherent industrial risks and occupational hazards may not be eliminated through implementing safety measures. 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. Environmental laws and regulations in India are stringent and while our Company strives to comply with all the applicable regulations, 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 regulations dealing with occupational health and safety and the failure to comply with such regulations could subject us to liability. Although there have been no instances of employees getting injured due to regulatory non-compliance in the past three years, however, if we fail to implement such procedures or if the procedures we implement are ineffective, our employees and others may get severely injured. Further, while there have been no instances in the past three years failure to comply with statutory regulations pertaining health and safety may result in penalties, fines etc. against our Company. There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, could divert management time and attention, and consume financial resources in defence or prosecution of such legal proceedings or cause delays in the construction, development or commencement of operations of our projects.

15. ***The proposed sale of Steiner Construction SA will result in divestment of the Company's entire interest in Steiner Construction SA and the transaction may have a material adverse impact on our business, financial condition, results of operations and prospects.***

Steiner AG, one of our Material Subsidiaries, intends to sell its 100% shareholding held in Steiner Construction SA, our step-down Material Subsidiary, which will result in the divestment of entire interest of our Company in Steiner Construction SA. Steiner AG has entered into a share purchase agreement dated December 4, 2023 for the sale of Steiner Construction SA, and the divestment is expected to be completed in Financial Year 2024, subject to necessary approvals. Subsequent to this, Steiner Construction SA will cease to be a subsidiary of Steiner AG. While it is expected that consequent to the sale, Steiner AG will book a profit and generate substantial cash flow for its business, we cannot assure you that the proposed sale will be undertaken in a timely manner or necessary conditions for the closing of the proposed sale will be met, which may result in an adverse impact on our financial condition and business operations. For details, see "*Our Business – Selective monetisation of existing assets to improve cash flows and reduce leverage*" on page 95.

16. ***Our success depends in large part upon our senior management, Directors and skilled personnel and our ability to attract and retain our key personnel and professionals.***

Our success depends on the continued services and performance of the members of our senior management team and other key employees who have been instrumental in building our business and also depends upon our ability to attract and retain these professionals. For further details, see "*Our Management*" on page 101. If one or more members of our senior management were unable or unwilling to continue in their present positions, or if we are unable to suitably replace them in a timely manner, our business could be adversely affected. 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 infrastructure industry in India and its expected future growth, the demand for highly-skilled professionals and workers has significantly increased in recent years. Additionally, our ability to retain experienced staff members as well as senior management will depend on us having in place appropriate staff remuneration and incentive schemes, among other factors. We cannot assure you that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled employees. As such, any loss of members of our senior management could adversely affect our business, results of operations and financial condition. Further, our ability to successfully complete projects and to attract new clients also depends largely on our ability to attract, source, 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.

Further, owing to the nature of our business and skill required to execute the projects, the employees and workers are usually in demand outside India as well. Accordingly, the levels of compensation outside India may be higher and are constantly increasing as compared to India., which could result in increased salary costs of engineers, managers and other professionals and workers. Any such increase could have a material adverse effect on our business, financial condition and results of operations.

17. Our insurance coverage may not adequately protect us against all our losses or liabilities.

Our significant insurance policies consist of a comprehensive coverage for risks relating to standard fire and special perils and group personal accidents. We are generally required to maintain insurance coverage under our contracts in respect of construction works, plants and equipment. We typically obtain contractor's all risk insurance policies for the projects, as per the requirement under the contracts with the clients. In term of projects and assets covered under insurance, as of September 30, 2023, 94% of our project contract values and entire fixed assets (excluding land and biological assets) were covered by insurance. We 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.

While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully on time or at all or that we will not suffer losses not covered by our policies. We are involved in large projects where design, construction or systems failures can result in substantial injury or damage to third parties. 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, other natural disasters, 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. Any liability in excess of our insurance payments, reserves or backup guarantees could result in additional costs, which would reduce our profits.

18. 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, development, operation and maintenance and real estate construction projects are capital intensive as well as labour-intensive, which requires us to have significant amounts of working capital. We have had, and expect to continue to have, substantial liquidity and capital resource requirements. As of September 30, 2023, we had total borrowings (current borrowings and non-current borrowings) of ₹2,398.70 crore (excluding accrued interest on total borrowings of ₹1,741.21 crore as on September 30, 2023, which are accounted under other financial liabilities).

Our project financing is a combination of net working capital, advances from customers and bank financing. While we may approach the Consortium or the other lenders 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 terms as may be required by such lenders. Accordingly, our inability to obtain financing may impair our business, results of operations, financial condition or prospects, as the case may be. Depending on the stages or phases of our various projects in our current Order Book, 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.

Steiner AG has also obtained a credit facility arrangement with a consortium of banks under which the consortium provides bonds in relation to Steiner AG's projects as required under the terms of the projects and Steiner AG is required to comply with certain covenants therein. While currently there are no outstanding material defaults by Steiner AG due to non-compliance of any of the covenants under this credit facility arrangement, if, in the future, Steiner AG is unable to comply with these covenants, it may be in default and the consortium may terminate the credit facility arrangement and demand cash payments for the existing bonds issued on its behalf or enforce security issued by Steiner AG in lieu of such bonds. This would have a material adverse impact on our business, results of operations, financial position and prospects.

19. ***Our Promoters have pledged their Equity Shares as additional/collateral security under agreements with various lenders in connection with various credit facilities obtained by them or our Company. In the event of any default under the relevant agreements, the lenders may invoke the aforementioned pledges.***

As on September 30, 2023, 23,99,19,286 Equity Shares held by our Promoters, representing 15.86% of the paid up Equity Share capital of our Company and representing 85.32% of the aggregate holding of Equity Shares by our Promoter and Promoter Group, has been pledged with various entities including banks and financial institutions for the loans availed by our Company. In the event of any default under the relevant agreements with the lenders, the lenders may enforce aforementioned pledges, which could result in reduction in shareholding of our Promoters.

20. ***Any adverse revision to our credit rating by rating agencies may adversely affect our ability to raise additional financing, interest rates and other commercial terms at which such funding is available.***

As of September 30, 2023, we had total borrowings (current borrowings and non-current borrowings) of ₹2,398.70 crore (excluding accrued interest on total borrowings of ₹1,741.21 crore as on September 30, 2023, which are accounted under other financial liabilities.). Recently, in September 2023, our Company's long term bank facilities received a revised rating of CARE BB with Stable outlook by CARE Ratings Limited for the borrowings. We may experience a downgrade in our credit ratings in future. Any downgrade in our credit ratings by rating agencies, international or domestic, may increase our costs of accessing funds and adversely affect 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 or other purposes and the trading price of the Equity Shares.

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

As per the audited consolidated financial statements of the Company as at March 31, 2023, the Company has certain contingent liabilities, details of which are set forth below:

Contingent liabilities	**As at March 31, 2023 Amount (in ₹ crore)**
(i) Claims not acknowledged as debts by the Group	194.39
(ii) Income tax liability that may arise in respect of which Group is in appeals	118.18
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	162.66
Total	**475.23**

Our contingent liabilities may actualise and if a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Financial Year or in the future. For further details in relation to our contingent liabilities, see "*Financial Statements – Audited Consolidated Financial Statements for the Financial Year 2023 – Note 36*" on page 194.

22. ***Our shareholdings in some of our subsidiaries such as Steiner AG have been pledged to secure funding for projects and repayment of certain loans outstanding, respectively 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.***

The shares of Steiner AG, which are owned by our wholly-owned subsidiaries HCC Mauritius Enterprises Limited ("**HCCMEL**") and HCC Mauritius Investment Limited ("**HCCMIL**"), have been pledged in favour of the Export-Import Bank of India (the "**Exim Bank**"), pursuant to a financing arrangement entered into among HCCMEL, HCCMIL and 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.

There has been a breach of covenants relating to the repayment of the aforementioned borrowings, under the financing arrangement entered into by HCCMEL and HCCMIL with Exim Bank. As of September 30, 2023, a total debt payment of USD 6.75 million has fallen overdue. However, Exim Bank vide its letter dated September 21, 2023 has approved reissuance of arbitration bank guarantee to the extent of ₹55.83 crore to our Company in order to cure the breach of the repayment covenant on the part of HCCMEL and HCCMIL. While pursuant to the aforementioned letter Exim Bank is unlikely to undertake any adverse actions against our Company and the aforementioned Subsidiaries, we cannot assure you that the breach will be cured or there may be no further breach in the future. This may have an adverse impact on the business operations of Steiner AG, and our financial condition and reputation.

23. 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.

We face significant competition from our peers and owing to the nature of our business, majority of our business and procuring a project depends on bidding process, which entails intense competition. 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 profit margins. For details on our competitors, see "*Our Business – Competition*" on page 100.

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. Further, 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.

24. We may be subject to interest rate risk.

Interest rates on our OCDs and NCDs are fixed currently, however lenders may propose to increase the rates in future. Our working capital facilities are on a floating rate when converted into fund based and our external commercial borrowings are linked to Secured Overnight Financing Rate ("**SOFR**"). Accordingly, 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.

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

In terms of Section 152(6) 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 four 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 our Company will be able to appoint or identify such additional directors in a timely manner or at all consequent to which RoC or any other regulatory authority may impose a penalty or a fine or on our Company.

26. We have entered into related party transactions in the past, and will continue to do so in the future. These transactions or any future transactions with our related parties could potentially involve conflict of interest.

Our Company has, in the course of our business, entered into transactions with related parties. For further details, see the section "*Financial Information*", beginning on page 106. Such transactions or any future transactions with our related parties could potentially involve conflicts of interest. There can be no assurance that we could not have achieved more favorable terms if such transactions had been entered into with unrelated parties or that we will be able to maintain existing terms, in cases where the terms are more favorable than if the transaction had been conducted on an arms-length basis. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, cash flows, prospects, financial condition and results of operations.

27. Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any independent agency, which may affect our business and results of operations.

We intend to use the Net Proceeds for the purposes described in "*Objects of the Issue*" on page 47. Our funding requirements are based on management estimates and our current business plans and has not been appraised by any bank or financial institution. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of proceeds. If we are unable to deploy the proceeds of the Issue in a timely or an efficient manner, it may affect our business and results of operations.

28. ***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, the Abridged Letter of Offer and CAF (the "**Offering Materials**") to such 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, the Companies Act requires companies 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 thereunder, with respect to distribution of Offering Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions.

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

There have been instances in the past three Fiscals where there were delays in filing of certain forms with the RoC. Details of certain instances of such delays/ discrepancies are set forth below:

Particulars	Date of instrument	Due date	Date of filing
Form MGT-14	February 09, 2021	March 08, 2021	March 24, 2021
Form CHG-4	October 01, 2021	October 30, 2021	December 02, 2021
Form CHG-1	December 20, 2021	January 18, 2022	April 12, 2022
Form IEPF-2	May 12, 2022	May 27, 2022	June 09, 2022
Form MGT-7	September 29, 2022	November 28, 2022	November 29, 2022
Form AOC-4	September 29, 2022	October 28, 2022	December 07, 2022
Form MGT-14	December 01, 2022	December 31, 2022	February 21, 2023
Form MGT-14	February 14, 2023	March 12, 2023	March 21, 2023
Form DIR-12	April 01, 2023	April 30, 2023	May 15, 2023

While we strive to comply with the applicable laws and prescribed timelines for filing of documents with the regulatory authorities, we cannot assure you that such filings will be made in the future in a timely manner or at all or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

30. ***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.***

While we typically execute majority of our projects independently, we also form project specific joint ventures and consortiums with other infrastructure and construction companies. Typically, we detail our roles and responsibilities in our joint bidding documents or joint venture agreements executed with such third parties. 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.

31. ***Our actual cost in executing an EPC contract or in constructing a project may vary substantially from the assumptions underlying our bid. We may be unable to recover all or some of the additional expenses, which may have a material adverse effect on our results of operations, cash flows and financial condition.***

Under the terms and conditions of agreements with our clients for our projects, we generally agree to pay to, or receive from the client awarding the concession an agreed sum of money, subject to contract variations covering changes in the client's project requirements. Our actual expense in executing a project under construction may vary substantially from the assumptions underlying our bid for various reasons, including, unanticipated increases in the cost of construction materials, fuel, labour or other inputs, unforeseen construction conditions, including the inability of the client to obtain requisite environmental and other approvals resulting in delays and increased costs, delays caused by local weather conditions and suppliers' failures to perform.

Our ability to pass on increases in the purchase price or manufacturing cost of raw materials and other inputs may be limited in the case of contracts with limited or no price escalation provisions and we cannot assure you that these variations in cost will not lead to financial losses to us. Further, other risks generally inherent to the development and construction industry may result in our profits from a project being less than as originally estimated or may result in us experiencing losses due to cost and time overruns, which could have a material adverse effect on our cash flows, business, financial condition and results of operations.

32. ***We are required to execute and maintain the works (till defects liability period) as per project agreements and if we fail to adhere to the agreement provisions / standard required by clients, we may be subject to sanctions, including penalty deductions and termination of the relevant agreement, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.***

Each of the contract agreements for our construction projects requires us to execute, and maintain the works till defects liability period, under certain standards prescribed by clients. Clients may ask us to carry out tests through one or more engineering firms to assess the quality of works and their maintenance. For example, 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.

33. ***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, and in some instances up to 5 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.

34. ***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 depends.***

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. Enforcement of such laws in India may be weak and resolution of intellectual property disputes may be time consuming and ineffective.

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.

35. ***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. Our ability to bid for new projects and to win bids ensures engagement of our work force and covers associated costs. Failure to successfully bid for contracts may result in additional costs for our Company. 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.

36. ***We have not obtained certain approvals for some of our land assets /projects and some of our projects are in the preliminary stages of planning and consents and approvals in relation to the real estate assets may not be granted.***

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.

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.

37. ***We may face risks associated with incomplete property developments such as undertaking of construction and 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.

38. ***The land assets of the company/projects is subject to local and municipal laws and compulsory acquisition by the government.***

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 investments, business, financial condition or results of operations.

Further, 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.

39. Our business is subject to cyber risks and risks related to information technology systems and technology failures or advancements could disrupt our operations.

Our business is dependent upon increasingly complex and interdependent information technology systems, including internet-based systems, to support business processes as well as internal and external communications. We use various business applications and software like SAP ERP, document management systems, engineering software, Microsoft Office 365 on cloud, HR portals, IMS portals etc. The complexity of our computer systems may make them potentially vulnerable to breakdown, malicious intrusion and computer viruses. Cyber threats are evolving and are becoming increasingly sophisticated. While we have not experienced any disruptions or failures to our information technology systems in the last three years, we cannot assure you that we will not encounter disruptions in the future. Any such disruption may result in the loss of key information or disruption of our business processes, which could adversely affect our business and results of operations. Control measures include designing, implementing, and continu ally improving security controls including adequate security incident response plans which are tested periodically. Notwithstanding the measures mentioned above, our systems are potentially vulnerable to data security breaches, whether by employees or others that may expose sensitive data to unauthorized persons.

40. 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. For instance, in one of our projects, there were significant delays in payment of monthly bills. In addition, there have been instances of delay in releasing receivables on account of work-in-progress and security money withheld by the client, which had adverse impact on cash flow and non-fund based resources of the Company.

Details of receivables in respect of our current projects are set forth below

(₹ in crore)

Assets	Total trade receivables as of March 31, 2023
Non-Current	670.12
Current	2180.68

41. We are required to furnish bank guarantees as part of our business. Our inability to arrange such guarantees or the invocation of such guarantees may adversely affect our cash flows and financial condition.

We are required to furnish bank guarantees as part of our business. Our inability to arrange such guarantees or the invocation of such guarantees may adversely affect our cash flows and financial condition. However, no bank guarantee has been invoked during last two years.

These guarantees are typically required to be furnished within a few days of the signing of a contract and remain valid up to around sixty days after the defect liability period prescribed in that contract. In addition, letters of credit are often required to satisfy payment obligations to suppliers and sub-contractors. We may not be able to continue obtaining new financial and performance bank guarantees in sufficient quantities to match our business requirements. If we are unable to provide sufficient collateral to secure the financial bank guarantees, performance bank guarantees or letters of credit, our ability to enter into new contracts or obtain adequate supplies could be limited and could have a material adverse effect on our business, results of operations and financial condition. Further, our inability to arrange bank guarantees impacts our ability to bid for new projects and the encashment of bank guarantees could impact cash flows of existing projects.

As of September 30, 2023, we had issued bank guarantees (including letter of credit) amounting to ₹2,530.54 crore towards securing our financial/ performance obligations under our ongoing projects. We may be unable to fulfil any or all of our obligations under the contracts entered into by us in relation to our ongoing projects due to unforeseen circumstances which may result in a default under our contracts resulting in invocation of the bank guarantees issued by us. If any or all the bank guarantees are invoked, it may result in a material adverse effect on our business and financial condition.

42. A significant portion of our revenue is derived from overseas business and any decrease in revenue or loss of business from the overseas operations may adversely affect our results of operation, financial condition and profitability.

We operate in countries outside India, such as Switzerland and plan to continue to expand our international operations in the future. The revenue from operations outside India was ₹2,347.66 crore (including revenue from discontinued operations pursuant to the proposed sale of Steiner Construction SA), ₹4,379.41 crore and ₹5947.54 crore, accounting for approximately 47.54%, 44.43% and 55.75% respectively of our total revenue from operations for the six months period ended September 30, 2023, Fiscal 2023 and Fiscal 2022. 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 labor 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. 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. If we do not effectively manage our foreign operations, our business and results of operations may be adversely affected.

External Risk Factors

43. A slow-down in economic growth in India and other political and economic factors in the future 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. 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. 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.

Government policy measures like demonetization or events like the COVID-19 pandemic 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.

44. 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. For instance, failure to get continuous supply of electricity to the industrial belt could impact industrial output. Further, such problems could interrupt our business operations, which could have an adverse effect on our results of operations and financial condition.

45. 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, 2002 ("**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

("**CCI**") 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. 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.

46. ***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 economic and financial turmoil, especially in the United States of America, Europe or China, 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.

The rising geopolitical tensions like hostilities between Russia and Ukraine could lead to significant market and other disruptions, including volatility in commodity prices and instability in financial markets which may have an inflationary effect in India. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business.

Any future geopolitical and 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.

47. ***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. Our projects are impacted by the stability of the regions where they are located. For instance, civil disturbance in Manipur has impacted our Imphal projects and operations adversely.

48. ***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 Statutory Auditors included in this Draft Letter of Offer, our financial statements for Financial Year 2023 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. 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.

49. ***Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.***

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

Any downgrading of India's debt rating by a domestic or international rating agency could impact India's ability to borrow funds from international bodies thereby impacting governments spending in infrastructure. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

50. ***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 change in control of our Company. Under the SEBI SAST Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. 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 our Company. Consequently, if a potential takeover of our Company would result in the purchase of the Rights Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of SEBI SAST Regulations.

51. ***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.

52. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, 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. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. For example, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us. In addition, the implementation of Ind AS is recent and new pronouncements may have a material impact on our profitability going forward and our revenue may fluctuate significantly period over period.

Further, changes in tax rates are generally covered by subsequent legislation clauses in our contracts with clients. However, the prevailing tax rate is considered during the bid stage and any claims for reimbursement from client may result in possible disputes, which could result in arbitrations/litigations for the Company and impact working capital.

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.

53. ***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.

54. ***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.

55. ***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 issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹1 lakh arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. STT will be levied on the seller and/or the purchaser of the Equity Shares and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realised 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. However, subject to the provisions of the applicable tax treaties with various jurisdictions, residents of the other countries may have tax benefits available, after setting-off taxes payable in India.

The Government of India announced the union budget for Financial Year 2023, following which the Finance Bill, 2023 was introduced in the Lok Sabha on February 1, 2023. Subsequently, the Finance Bill 2023 received the assent from the President of India on March 31, 2023, and became the Finance Act, 2023 ("**Finance Act 2023**"). We cannot predict whether the amendments made and yet to be notified pursuant to the Finance Act 2023 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Any changes in the Finance Act 2023 or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws that are applicable to our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

57. ***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, 2013 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.

58. ***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. Further, due to possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

59. ***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.

60. 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.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on August 3, 2023, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms and conditions of the Issue including the Record Date, Rights Entitlement, Issue Price, timing of the Issue and other related matters have been approved by a resolution passed by the Rights Issue Committee at its meeting held on [●].

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 in "*Terms of the Issue*" beginning on page 352.

Rights Equity Shares being offered by our Company	Up to [●]* Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	[●] Rights Equity Share for every [●] Equity Shares held on the Record Date
Record Date	[●]
Face Value per Equity Share	₹1 each
Issue Price	₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share)
Dividend	Such dividend as may be recommended by our Board and declared by our Shareholders, in accordance with applicable law
Issue Size	Up to ₹300 crore
Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue	1,513,028,244# Equity Shares. For details, see "*Capital Structure*" beginning on page 44
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Security Codes for the Equity Shares	ISIN: INE549A01026 BSE: 500185 NSE: HCC
ISIN for Rights Entitlements	[●]
Terms of the Issue	For further information, see "*Terms of the Issue*" beginning on page 352
Use of Issue Proceeds	For further information, see "*Objects of the Issue*" beginning on page 47

**To be updated on finalization of the Issue Price.*
 # Excludes 13,225 Equity Shares, which were forfeited by our Company.

For details in relation fractional entitlements, see "*Terms of the Issue – Basis for the Issue and Terms of the Issue – Fractional Entitlements*" on page 366.

Terms of Payment

Due Date	Amount payable per Rights Equity Shares (including premium)
On the Issue application (i.e. along with the Application Form)	₹[●]

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 and Corporate Office of our Company

Hincon House, Lal Bahadur Shastri Marg
Vikhroli (West), Mumbai 400 083
Maharashtra, India
Tel: (+ 91 22) 2575 1000
Website: www.hccindia.com
Corporate Identity Number: L45200MH1926PLC001228
E-mail: secretarial@hccindia.com

Changes in the Registered Office

Date of Change	Details of change in the address of the Registered Office
January 15, 2017	The registered office of our Company was changed from Hincon House, 11th floor, 247Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai, Maharashtra to Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies
Everest, 5th Floor
100, Marine Drive
Mumbai 400 002
Maharashtra, India

Company Secretary and Compliance Officer

Nitesh Kumar Jha is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Hincon House, Lal Bahadur Shastri Marg
Vikhroli (West), Mumbai 400 083
Maharashtra, India
Tel: + 91-22-2575 1000
E-mail: secretarial@hccindia.com

Lead Manager to the Issue

IDBI Capital Markets & Securities Limited
6th Floor, IDBI Tower
WTC Complex
Cuffe Parade, Mumbai – 400 005
Tel: +91 22 2217 1953
Fax: +91 22 2217 1787
E-mail: hcc.rights@idbicapital.com
Investor grievance e-mail: redressal@idbicapital.com
Contact person: Suhas Satardekar/ Puneet Agnihotri
Website: www.idbicapital.com
SEBI registration number: INM000010866

Legal Counsel to the Issue

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Maharashtra, India
Tel: +91 22 2496 4455

Advisor to the Issue

Neomile Corporate Advisory Limited
Unit No. 1215, C Wing, One BKC, Bandra Kurla Complex
Bandra East, Mumbai – 400 051
Maharashtra, India
Telephone: +91 22 62398080
Email: info@neomilecapital.com
Website: www.neomilecapital.com
Contact Person: Kirtan Rupareliya

Statutory Auditors of our Company

M/s. Walker Chandiok & Co LLP, Chartered Accountants
16th Floor, Tower 3
One International Centre, SB Marg
Prabhadevi (West), Mumbai 400 013
Tel: +91 22 6626 2699
E-mail: Shashi.Tadwalkar@WalkerChandiok.IN
Firm Registration No.: 001076N/ N500013
Peer Review Certificate No.: 14158

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st floor, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 810 811 4949
E-mail: hcc.rights2023@linkintime.co.in
Investor Grievance ID: hcc.rights2023@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: 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 full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" beginning on page 352.

Experts

Our Company has received consent from its Statutory Auditors, M/s. Walker Chandiok & Co LLP, Chartered Accountants through their letter dated December 14, 2023 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results and the audit reports in respect of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results, and such consents have 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 U.S. Securities Act.

Our Company has received written consent dated December 14, 2023 from the Independent Chartered Accountant, S Ramanand Aiyar & Co., Chartered Accountants, to include its name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the statement of special tax benefits dated December 14, 2023 and the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Banker(s) 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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 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, please refer to the above-mentioned link.

Issue Schedule

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last date for On Market Renunciation of Rights Entitlements #	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

\# *Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

* *Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, [●].

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see "*Terms of the Issue - Process of making an Application in the Issue*" beginning on page 353.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholder can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented thereat. For further details, see "*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" beginning on page 363.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before the Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from the market and the purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

Inter se allocation of responsibilities

Since only one Lead Manager has been appointed for purposes of the Issue, there is no requirement of an inter-se allocation of responsibilities.

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 will appoint a monitoring agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, prior to filing of the Letter of Offer with the Stock Exchanges.

Minimum Subscription

Our Promoters and Promoter Group have vide their letters each dated December 14, 2023 confirmed that they (i) may subscribe to their Rights Entitlements in the Issue or may renounce their Rights Entitlements in part or in full, in favour of the Promoters or other members of our Promoter Group or in favour of existing shareholders of the Company or a third party; or (ii) may subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlements acquired through renunciation, either individually or jointly and/ or severally with the Promoters or any other members of the Promoter Group, subject to compliance with the Companies Act, the SEBI ICDR

Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations. Provided that if any of the Promoters or members of the Promoter Group renounce any Rights Entitlements in favour of any third party (not being a Promoter or a member of the Promoter Group), whether or not an existing member of the Company, (i) such renouncing Promoter or member of the Promoter Group shall not apply for subscription to additional Rights Entitlements; and (ii) in the event that minimum subscription of 90% is applicable to the Issue under Regulation 86 of the SEBI ICDR Regulations and the same is not achieved, the Promoters and the members of the Promoter Group shall subscribe fully to the portion of their Rights Entitlements, such that the minimum subscription of 90% will not be applicable to the Issue in compliance with Regulation 86 of the SEBI ICDR Regulations.

In case of (b) above, subscription to additional Rights Equity Shares shall be made to the extent that it does not result in any obligation on our Promoters and members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations and shall be in compliance with the Companies Act, the SEBI ICDR Regulations and other applicable laws. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Underwriting

This Issue is not underwritten.

Filing

This Draft Letter of Offer has been filed with SEBI for its observations electronically through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI master circular bearing number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, and with the Stock Exchanges. After SEBI gives its observations, the final Letter of Offer will be filed with SEBI and the Stock Exchanges simultaneously with the filing of the Letter of Offer with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations.

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Draft Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid up share capital after the Issue, are set forth below:

(In ₹, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price*
A	**AUTHORISED SHARE CAPITAL**		
	2,000,000,000 Equity Shares (of face value of ₹1 each)	2,000,000,000	NA
	10,000,000 redeemable cumulative preference shares (of face value of ₹10 each)	100,000,000	NA
	Total	**2,100,000,000**	
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**		
	1,513,028,244# Equity Shares (of face value of ₹1 each)	1,513,028,244	[●]
C	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER**		
	Up to [●]* Rights Equity Shares(1)	Up to [●]*	Up to [●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**(2)		
	[●]* Equity Shares	[●]*	[●]
SECURITIES PREMIUM ACCOUNT *(In ₹ crore)*		*(in ₹)*	
Before the Issue(3)		2,568.76	
After the Issue(2)		[●]	

** To be updated upon finalisation of the Issue Price.*

 # Excludes 13,225 Equity Shares, which were forfeited by our Company.

(1) The Issue has been authorised by the Board pursuant to a resolution dated August 3, 2023. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Rights Issue Committee at its meeting held on [●].

(2) Assuming full subscription for and Allotment of Equity Shares. Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue related expenses.

(3) As on date of this Draft Letter of Offer.

Notes to the Capital Structure

1. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI LODR Regulations**

    a) The shareholding pattern of our Company as on September 30, 2023, can be accessed on the website of BSE at https://www.bseindia.com/stock-share-price/hindustan-construction-coltd/hcc/500185/shareholding-pattern/ and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=HCC&tabIndex=equity;

    b) The statement showing holding of Equity Shares of persons belonging to the category "Promoters and Promoter Group" including the details of lock-in, pledge of and encumbrance thereon, as on September 30, 2023, can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=500185&qtrid=119.00&QtrName=September%202023 and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=HCC&tabIndex=equity; and

    c) The statement showing details of shareholders of our Company belonging to the category "Public" including Equity Shareholders holding more than 1% of the total number of Equity Shares as on September 30, 2023 as well as details of shares which remain unclaimed for public can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=500185&qtrid=119.00&QtrName=September%202023 and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=HCC&tabIndex=equity.

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

3. Except as provided below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as of the date of this Draft Letter of Offer.

a) Employee Stock Option Plans

HCC Employee Stock Option Scheme 2008 ("**ESOP Scheme**") was adopted by our Company on December 10, 2007 and came into effect on April 25, 2008. The ESOP Scheme was subsequently amended on July 12, 2018.

The following table sets forth details in respect of ESOP Scheme 2008 as on September 30, 2023:

Particulars	Number of options
Total	8,643,150
Granted	371,748
Vested	Nil
Exercised	Nil
Cancelled	Nil
Total outstanding	8,271,402

b) Optionally Convertible Debentures ("OCDs")

In 2012, our Company restructured its debt under a corporate debt restructuring mechanism. In 2016, our Company entered into a resolution plan framed and overseen by the Reserve Bank of India, pursuant to which the existing facilities of the Company were bifurcated into 'Part A Debt' and 'Part B Debt'. The overall Part A Debt or sustainable debt comprised of fund based facilities amounting to ₹2,681 crore and non-fund based facilities amounting to ₹4,819 crore; and the overall Part B Debt or unsustainable debt comprised of a facility amounting to ₹2,426 crore, which was converted into 23,63,04,020 Equity Shares and 1,46,71,590 optionally convertible debentures ("**OCDs**") of face value of ₹1,000 each of our Company, with the lenders being provided the option to convert the OCDs into Equity Shares for 18 months from the date of allotment.

The OCDs were issued to the lenders as part of the resolution plan with a tenure of 18 months and a coupon rate of 0.01% with an interest yield of 11.50% per annum in yield equalization, compounded on a quarterly basis. After the expiry of 18 months from the date of their issuance, the OCDs were to be converted into non-convertible debentures in case of non-occurrence of event of default as per the guidelines of the resolution plan. Pursuant to the exemptions provided by SEBI *vide* its letters dated May 4, 2018 and September 27, 2022, the tenure of the OCDs has been extended for a further 12 years beyond the statutorily prescribed period of 18 months till March 31, 2029. The lenders have an option to convert the OCDs into equity shares of the Company, in accordance with the terms thereof, including in case of any event of default or default in payment during the tenure.

As on the date of this Draft Letter of Offer, 1,01,88,587 OCDs aggregating to ₹1,018.86 crore are outstanding.

4. **Intent and extent of participation by the Promoters and the Promoter Group**

Our Promoters and Promoter Group have vide their letters each dated December 14, 2023 confirmed that they (i) may subscribe to their Rights Entitlements in the Issue or may renounce their Rights Entitlements in part or in full, in favour of the Promoters or other members of our Promoter Group or in favour of existing shareholders of the Company or a third party; or (ii) may subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlements acquired through renunciation, either individually or jointly and/ or severally with the Promoters or any other members of the Promoter Group, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations. Provided that if any of the Promoters or members of the Promoter Group renounce any Rights Entitlements in favour of any third party (not being a Promoter or a member of the Promoter Group), whether or not an existing member of the Company, (i) such renouncing Promoter or member of the Promoter Group shall not apply for subscription to additional Rights Entitlements; and (ii) in the event that minimum subscription of 90% is applicable to the Issue under Regulation 86 of the SEBI ICDR Regulations and the same is not achieved, the Promoters and the members of the Promoter Group shall subscribe fully to the portion of their Rights Entitlements, such that the minimum subscription of 90% will not be applicable to the Issue in compliance with Regulation 86 of the SEBI ICDR Regulations.

In case of (b) above, subscription to additional Rights Equity Shares shall be made to the extent that it does not result in any obligation on our Promoters and members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations and shall be in compliance with the Companies Act, the SEBI ICDR Regulations and other applicable laws. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

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

6. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the Promoter Group during the period between the date of filing this Draft Letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.

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

8. 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 Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.

9. Details of the Equity Shareholders holding more than 1% of the issued and paid-up Equity Share capital

The table below sets forth details of Equity Shareholders holding more than 1% of the issued and paid-up Equity Share capital of our Company, as on September 30, 2023:

Sr. No.	Name of the Equity Shareholders	Number of Equity Shares held	Percentage of Equity Shares held (%)
1.	Hincon Holdings Limited	21,60,23,600	14.28
2.	Hincon Finance Limited	6,22,61,186	4.12
3.	Canara Bank - Mumbai	2,92,97,546	1.94
4.	Export Import Bank of India	2,42,51,091	1.60
5.	HDFC Mutual Fund – HDFC Multi Cap Fund	2,12,36,750	1.40
6.	Chetan Jayantilal Shah	2,10,00,000	1.39
7.	India Insight Value Fund	2,00,10,000	1.32
8.	Vanguard Total International Stock Index Fund	1,61,52,036	1.07
9.	Vanguard Emerging Markets Stock Exchange Fund, A Series of Vanguard International Equity Index Funds	1,53,12,281	1.01

OBJECTS OF THE ISSUE

The Issue

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

1. Funding long-term working capital requirements of our Company; and
2. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) its existing activities; and (ii) the activities proposed to be funded from the Net Proceeds. Further, our objects as stated in the Memorandum of Association do not restrict us from undertaking the activities for which the funds are being raised by our Company through the Issue.

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

(in ₹ crore)

Particulars	Amount
Gross Proceeds from the Issue*	300.00
Less: Estimated Issue related expenses**	[●]
Net Proceeds**	[●]

* *Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*
** *To be finalized upon determination of the Issue Price and updated in the Letter of Offer. See "- Estimated Issue Related Expenses" on page* 50.

Requirement of funds and utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set forth in the following table

(in ₹ crore)

Particulars	Estimated amount (up to)
Funding long-term working capital requirements of our Company	213.75
General corporate purposes*	[●]
Total Net Proceeds	[●]

* *To be finalized upon determination of Issue Price and updated in the Letter of Offer. The amount shall not exceed 25% of the Issue Proceeds.*

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised by any bank, financial institution or any other external agency.

Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, 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 the management, subject to applicable law. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, 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 identified internal accruals. Further, our Company is not proposing to fund any specific project from the Net Proceeds. Accordingly, the requirement to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance for such project proposed to be funded from the Net Proceeds is not applicable.

Proposed Schedule of Implementation or Deployment of Net Proceeds

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

(in ₹ crore)

Particulars	Amount to be funded from the Net Proceeds	Proposed Schedule for deployment of the Net Proceeds	
		Financial Year 2024	Financial Year 2025
Funding long-term working capital requirements of our Company	213.75	200.00	13.75
General corporate purposes*	[●]	[●]	[●]
Net Proceeds*	[●]	[●]	[●]

* *To be finalized upon determination of Issue Price and updated in the Letter of Offer. The amount shall not exceed 25% of the Issue Proceeds.*

In the event that the estimated utilization of the Net Proceeds in a scheduled Financial Year is not completely met (in full or in part), due to factors stated above and other factors such as (i) economic and business conditions; (ii) the timing of completion of the Issue; (iii) market conditions outside the control of our Company; and (iv) any other business and commercial considerations, the remaining Net Proceeds shall be utilized (in full or in part) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

In the event that the Net Proceeds are not completely utilized for the purposes stated above and as per the estimated schedule of utilisation specified above, the same would be utilized in subsequent Financial Years for achieving the objects of the Issue.

Details of the activities to be financed from the Net Proceeds

The details in relation to objects of the Issue are set forth below.

1. ***Funding long-term 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 September 30, 2023, our Company's working capital facility consisted of an aggregate non-fund based limit of ₹7,313.28 crore, on a standalone basis. As of September 30, 2023, the aggregate amount outstanding under the non-fund based secured working capital facilities, on a standalone basis, was ₹5518.41 crore.

Our Company requires 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 September 30, 2023, the unexecuted order book of our Company was ₹12,344 crore (excluding real estate construction). For further details of our order book, see "*Our Business*" on page 90.

Accordingly, ₹213.75 crore of the Net Proceeds will be used to fund working capital requirements of the Company in Financial Year 2024 and Financial Year 2025, which will be in the nature of statutory payments, employee related payments, payment to vendors/sub-contractors, funding of projects, fees payable to advisors and intermediaries, pending project related liabilities (other than outstanding borrowings) and other revenue expenses.

Basis of estimation of working capital requirements

The details of our Company's composition of net current assets or working capital as an September 30, 2023, March 31, 2023 and March 30, 2022, on the basis of the unaudited standalone financial results and the audited standalone financial statements, as certified by the Independent Chartered Accountant, and source of funding of the same are as set out in the table below:

(in ₹ crore)

Sr. No.	Particulars	As on September 30, 2023	As on March 31, 2023	As on March 31, 2022
I.	**Current Assets**			
1.	Raw material (inventories)	140.98	170.43	175.83
2.	Unbilled Work-in-progress	2,139.51	1,892.23	2,390.23
3.	Trade receivables	1,648.99	2,052.92	1,764.13
4.	Cash and bank balances	317.14	263.30	541.86
5.	Other current assets, other current financial assets and current investment	644.58	650.26	3,459.17
	Total Current Assets (A)	**4,891.20**	**5,029.14**	**8,331.22**
II.	**Current Liabilities**			
1.	Trade payables	1,889.63	1,855.02	1,826.39
2.	Other current liabilities, other current financial liabilities and provisions	2,487.76	2,604.16	6,480.20
	Total Current Liabilities (B)	**4,377.39**	**4,459.18**	**8,306.59**
III.	**Total Working Capital Requirements**			
1.	Total Current Assets (A) less Total Current Liabilities (B)	**513.81**	**569.96**	**24.63**
IV.	**Funding Pattern**			
1.	Working capital funding from banks	-	-	-
2.	Internal accruals/ other sources	**513.81**	**569.96**	**24.63**
V.	**Days***			
1.	Raw material (inventories)	68	63	77
2.	Unbilled Work-in-progress	155	150	182
3.	Debtors	143	133	241
4.	Creditors	167	149	164

**Annualised for September 30, 2023 period.*

The details of our Company's projected working capital requirements for Financial Year 2024 and Financial Year 2025 are set out below:

(in ₹ crore)

Sr. No.	Particulars	Amount (in ₹ crore)	
		Financial Year 2024	Financial Year 2025
I.	**Current Assets**		
1.	Raw material (inventories)	171.60	199.09
2.	Work-in-progress (other current financial assets)	1,986.84	2,086.18
3.	Trade receivables	2,158.01	2,266.43
4.	Cash and bank balances	438.82	1,542.22
5.	Other current assets	499.48	325.69
	Total Current Assets (A)	**5,254.74**	**6,419.61**
II.	**Current Liabilities**		
1.	Trade payables	1,709.92	1,827.46
2.	Other current liabilities and provisions	2,393.73	2,476.95
	Total Current Liabilities (B)	**4,103.65**	**4,304.41**
III.	**Total Working Capital Requirements**		
	Total Current Assets (A) less Total Current Liabilities (B)	**1,151.09**	**2,115.20**
IV.	**Funding pattern**		
1.	Internal accruals/ other sources	951.09	2,101.45
2.	Net Proceeds from the proposed Rights Issue*	200.00	13.75
V.	**Days**		
1.	Raw material (inventories)	60	60
2.	Unbilled Work-in-progress (other current financial assets)	126	119

**The final amount shall be dependent on the Rights Issue pricing and/or subscription and shall be adjusted accordingly, In case of any shortfall in the Rights Issue proceeds, due to pricing or due to levels of subscription, such shortfall for funding of the working capital gap shall be fulfilled from Internal Accruals / Short Term Borrowing.*

Our Company expects that the funding pattern for working capital requirements for Financial Year 2024 and Financial Year 2025 will comprise of working capital facilities, internal accruals and Net Proceeds.

Key assumptions for working capital projections made by our Company

Holding levels

Sr. No.	Particulars	Number of days				
		For Financial Year 2022 (Actual)	For Financial Year 2023 (Actual)	For six months ended September 30, 2023 (Actual)	For Financial Year 2024 (Estimated)	For Financial Year 2025 (Estimated)
1	**Inventories**					
(a)	Raw material	77	63	68	60	60
(b)	Work-in-progress	182	150	155	126	119
2.	Debtors	241	133	143	157	130
3.	Creditors	164	149	167	138	127

Justification for holding period levels

Particulars	Details
Raw materials	Raw material days are computed from historic standalone financial statements of our Company (consumption of material). For the Financial Year 2022 and Financial Year 2023, the raw materials holding was 77 and 63 days respectively. Our Company has assumed the holding level for the raw material as 60 days of the consumption of material for Financial Year 2024 and Financial Year 2025 as well.
Work-progress	Work in progress days are computed from historic standalone financial statements of our Company (cost of consumption). For the Financial Year 2022 and 2023 the work-progress holding was 182 and 150 days respectively. Our Company has assumed the holding level for the work in progress as 126 days of the cost of consumption for Financial Year 2024 and as 119 days of the cost of consumption for Financial Year 2025.
Debtors	Debtor days are computed from historic standalone financial statements of our Company (revenue from operation) and analysing the trend. For the Financial Year 2022, debtor holding was 241 days, however this got reduced to 133 in Financial Year 2023 due to implementation of debt resolution plan and release of operational bank guarantees by the lenders in the second quarter of Financial Year 2023 which helped reducing the debtor holding days. Our Company has assumed the holding level for the work in progress as 157 days of the revenue from operation for Financial Year 2024 and as 130 days of the revenue from operation for Financial Year 2025.
Creditors	Trade payable days are computed from historic standalone financial statements of our Company (consumption of material and material purchase). For the Financial Year 2022 and Financial Year 2023, the creditors holding was 164 and 149 days respectively. Our Company has assumed the holding level for the work in progress as 138 days of the consumption of material and material purchase for Financial Year 2024 and as 127 days of the consumption of material and material purchase for Financial Year 2025.

Our Statutory Auditors has provided no assurance on the prospective financial information or projections and have performed no service with respect to it.

2. ***General corporate purposes***

Our Company intends to deploy the balance Net Proceeds aggregating up to ₹[●] crore towards general corporate purposes, provided that the amount to be utilized for general corporate purposes shall not exceed 25% of the Net Proceeds, in compliance with SEBI ICDR Regulations. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, (a) brand building and other marketing expenses; (b) 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; (c) meeting of exigencies which our Company may face in course of any business; (d) repayment of outstanding borrowings to the Consortium; (e) payment/ repayment under any contractual obligations of our Company including the Framework Agreement (For further details, please see "*Risk Factors – Our financing agreements contain certain restrictive covenants including requiring prior consent of our lenders for undertaking a number of corporate actions, including the Issue, which may affect our interest. We are also subject to restrictions on our financial and operational flexibility and certain risks associated with debt financing*", on page 24); and (f) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof, subject to meeting regulatory requirements and obtaining necessary approvals / consents, as applicable.

Our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

(In ₹ crore, except percentages)

S. No.	Particulars	Estimated amount*	Percentage of total estimated Issue expenditure* (%)	Percentage of Issue Size* (%)
1.	Fees payable to the Lead Manager (including, brokerage, selling commission and upload fees) and advisors to the Issue	[●]	[●]	[●]
2.	Fee payable to the legal counsel, other professional service providers	[●]	[●]	[●]
3.	Fee payable to the Registrar to the Issue	[●]	[●]	[●]
4.	Advertising, marketing and shareholder outreach expenses	[●]	[●]	[●]
5.	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	[●]	[●]	[●]
6.	Printing and stationery, distribution, postage etc.	[●]	[●]	[●]
7.	Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
Total estimated Issue related expenses*		[●]	**100.00**	[●]

* *Amount will be finalized at the time of filing of the Letter of Offer and determination of Issue Price and other details.*

Bridge loans

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

Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Monitoring Utilization of Funds from the Issue

Our Company shall appoint a Monitoring Agency for the Issue prior to the filing of the Letter of Offer. Our Board and Monitoring Agency shall monitor the utilization of the Net Proceeds and the Monitoring Agency shall submit a report to our Board as required under Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds, which shall discuss, monitor and approve the use of the Net Proceeds along with our Board. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement prepared on an annual basis for utilization of the Net Proceeds shall be certified by the Statutory Auditors of our Company which shall be submitted by the Company with the Monitoring Agency.

Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Issue from the Objects; and (ii) details of category wise variations in the actual utilization of the proceeds of the Issue from the Objects. This information will also be published on our website and explanation for such variation (if any) will be included in our Director's report, after placing it before the Audit Committee.

Strategic or Financial Partners

There are no strategic or financial partners to the objects of the Issue.

Other confirmations

No part of the Net Proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors, Key Managerial Personnel or Senior Management Personnel, except in the normal course of business.

Our Promoters, our Promoter Group and our Directors do not have any interest in the objects of the Issue, and there are no material existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoters, our Promoter Group, our Directors, our Key Managerial Personnel or Senior Management Personnel.

STATEMENT OF SPECIAL TAX BENEFITS

Date: December 14, 2023

The Board of Directors
Hindustan Construction Company Limited
Hincon House, LBS Marg
Vikhroli (West)
Mumbai - 400 083

Re: Proposed rights issue of equity shares (the "Equity Shares") by Hindustan Construction Company Limited (the "Company", and such rights issue, the "Issue")

We, S Ramanand Aiyar & Co, the Independent Chartered Accountants of the Company, hereby confirm that the enclosed **Annexure A**, prepared by the Company, showing the current position of possible special tax benefits available to the Company and its material subsidiaries i.e., Steiner Construction SA and Steiner AG, and the shareholders of the Company, as per the provisions of the Indian direct and indirect tax laws including the Income Tax Act, 1961 (the "**Act**"), the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, each as amended (collectively, the "**Tax Laws**") including the rules, regulations, circulars and notifications issued in connection with the Tax Laws as presently in force and applicable to the assessment year 2023-2024 relevant to the financial year 2022-2023.

Several of these benefits are dependent on the Company, its material subsidiaries and its shareholders, as the case maybe, fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and/ or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions.

The contents stated in the **Annexure A** are based on the information and explanations obtained from the Company and confirmation received from the advisors of the respective overseas material subsidiaries of the Company with respect to the special tax benefits in their respective overseas jurisdictions. This 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 their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest based on this statement.

We conducted our examination of the statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (the "**Guidance Note**"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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.

We do not express any opinion or provide any assurance whether:

- The Company and its shareholders will continue to obtain these benefits in future; and
- The conditions prescribed for availing the benefits have been/would be met.

This certificate is intended solely for inclusion in the draft letter of offer to be filed with the Securities and Exchange Board of India ("**SEBI**"), and the letter of offer to be filed with BSE Limited and National Stock Exchange of India Limited (the "**Stock Exchanges**") and the SEBI, as applicable, and in any other documents which the Company intends to issue in respect of the Issue and also in all related advertisements and other material related to the Issue as required under applicable law (the "**Issue Documents**") and is not to be used, referred to or distributed for any other purpose without our consent.

We hereby consent to (a) include this certificate and the enclosed Annexure or extracts thereof in the Issue Documents of the Company or any other material in connection with the Issue; and/ or (b) submission of this certificate as may be necessary, to the Stock Exchanges, SEBI or to any regulatory authority and for the purpose of, but not limited to, any defence the Lead Manager may wish to advance in any claim or proceedings in connection with the Issue or contents of the Issue related documents; and/or (c) the use of this certificate for the records maintained by the Lead Manager in connection with the Issue and in accordance with applicable law.

We confirm that the information above is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable investors to make a well informed decision.

Terms capitalized and not defined herein shall have the same meaning as ascribed to them in the Issue Documents, as the case maybe.

For **S Ramanand Aiyar & Co**
Chartered Accountants
ICAI Firm Registration Number: 000990N

Partner: Binod C Maharana
Membership No. 056373
UDIN: 23056373BGWEDV8618

Encl: As Above

Annexure A

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

There are no special tax benefits available to the Company, its Shareholders and its material subsidiaries under Tax Laws.

SECTION IV: ABOUT OUR COMPANY

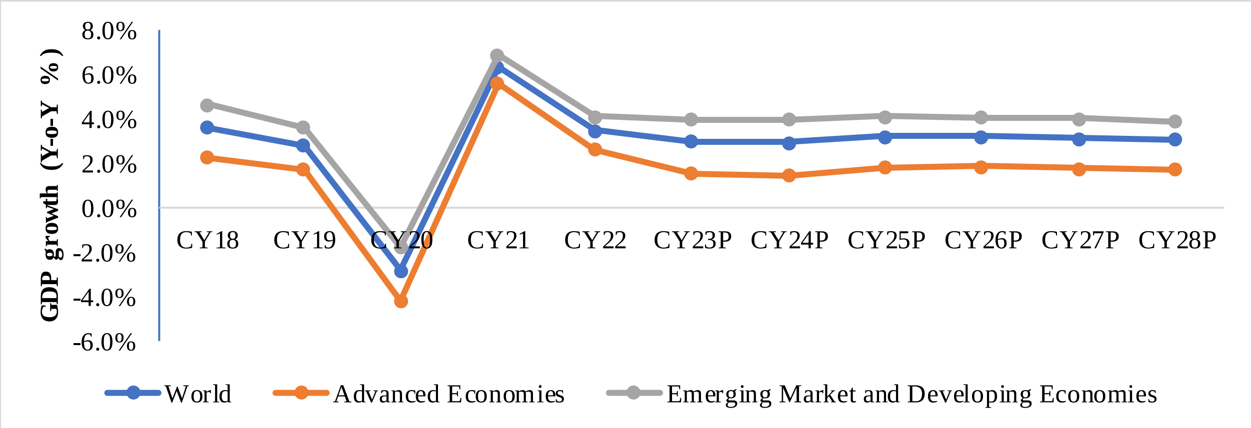
INDUSTRY OVERVIEW

1. ECONOMIC OUTLOOK

1.1. Global Economy

As per the International Monetary Fund (IMF)'s World Economic Outlook growth projections released in October 2023, the global economic growth for CY22 stood at 3.5% on a year-on-year (y-o-y) basis, down from 6.3% in CY21 due to disruptions resulting from the Russia-Ukraine conflict and higher-than-expected inflation worldwide. On the other hand, the global economic growth for CY23 is projected to slow down further to 3.0% and 2.9% in CY24, attributed to compressing global financial conditions, expectant steeper interest rate hikes by major central banks to fight inflation, and spill-over effects from the Russia-Ukraine conflict, with gas supplies from Russia to Europe expected to remain tightened. For the next 4 years, the IMF projects world economic growth in the range of 3.0% - 3.2% on a y-o-y basis.

Chart 1 - Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Notes: E- Estimated, P-Projection;
Source: IMF – World Economic Outlook, July 2023 and April 2023

Table 1 - GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)									
	CY19	CY20	CY21	CY22	CY23P	CY24P	CY25P	CY26P	CY27P	CY28P
India	3.9	-5.8	9.1	7.2	6.3	6.3	6.3	6.3	6.3	6.3
China	6.0	2.2	8.5	3.0	5.0	4.2	4.1	4.1	3.7	3.4
Indonesia	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Saudi Arabia	0.8	-4.3	3.9	8.7	0.8	4	4.2	3.3	3.3	3.1
Brazil	1.2	-3.3	5.0	2.9	3.1	1.5	1.9	1.9	2.0	2.0
Euro Area	1.6	-6.1	5.6	3.3	0.7	1.2	1.8	1.7	1.5	1.3
United States	2.3	-2.8	5.9	2.1	2.1	1.5	1.8	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (October 2023) CY – Calendar Year

Advanced Economies Group

The major advanced economies registered GDP growth of 2.6% in CY22, down from 5.5% in CY21, which is further projected to decline to 1.5% in CY23. This forecast of low growth reflects increased central bank interest rates to fight inflation and the impact of the Russia-Ukraine war. About 90% of advanced economies are projected to witness decline GDP growth in CY23 compared to CY22. In addition, this is further expected to decline to 1.4% in CY24.

Emerging Market and Developing Economies Group

For the emerging market and developing economies group, GDP growth stood at 4.0% in CY22, compared to 6.8% in CY21. This growth is further projected at 4.0% in CY23 and CY24. About 90% of the emerging economies are projected to make positive growth. While the remaining economies, including the low-income countries, are expected to progress slower.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the GDP has been estimated to be at USD 3.4 trillion for CY22 and is projected to reach USD 5.2 trillion by CY27. India's expected GDP growth rate for coming years is almost double compared to the world economy.

1.2. Indian Economy Outlook

GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's GDP grew by 9.1% in FY22 and stood at ₹149.3 trillion despite the pandemic and geopolitical Russia-Ukraine spillovers. In Q1FY23, India recorded 13.2% y-o-y growth in GDP, largely attributed to improved performance by the agriculture and services sectors. Following this double-digit growth, Q2FY23 witnessed 6.3% y-o-y growth, while Q3FY23 registered 4.5% y-o-y growth. The slowdown during Q2FY23 and Q3FY23 compared to Q1FY23 can be attributed to the normalization of the base and a contraction in the manufacturing sector's output.

Subsequently, Q4FY23 registered broad-based improvement across sectors compared to Q3FY23 with a growth of 6.1% y-o-y. The investments, as announced in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure, have augmented growth and encouraged private investment through large multiplier effects in FY23. Supported by fixed investment and higher net exports, GDP for full-year FY23 was valued at ₹160.1 trillion registering an increase of 7.2% y-o-y.

Furthermore, in Q1FY24, the economic growth accelerated to 7.8%. The manufacturing sector maintained an encouraging pace of growth, given the favourable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities.

Table 2 - RBI's GDP Growth Outlook (Y-o-Y %)

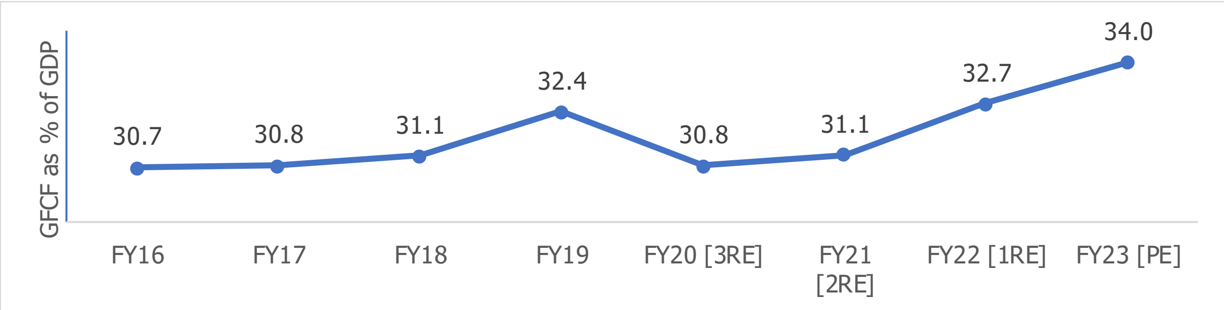
FY24a (complete year)	Q2FY24	Q3FY24	Q4FY24	Q1FY25
6.5	6.5	6.0	5.7	6.6%

Source: Reserve Bank of India

Investment Trend in Infrastructure

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 32.7%, which is the second-highest level in 7 years (since FY15). In FY23, the ratio of investment (GFCE) to GDP climbed up to its highest in the last decade at 34%, as per the advanced estimate released by the Ministry of Statistics and Programme Implementation (MOSPI).

Chart 2 -Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices):

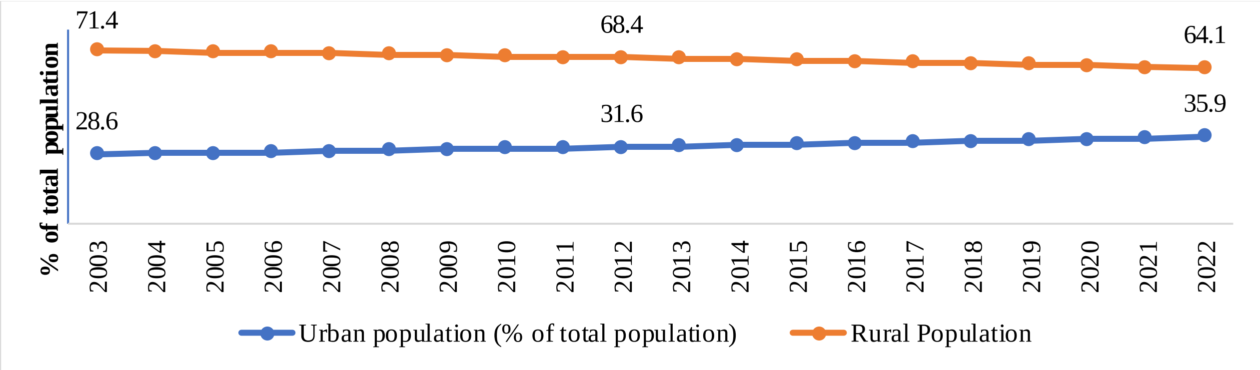


RE: Revised Estimate; Source: MOSPI

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

Furthermore, the urban population is significantly growing in India. The urban population in India is estimated to have increased from 403 million (31.6% of total population) in the year 2012 to 508 million (35.9% of total population) in the year 2022. While, rural population ratio have steadily declined from 68.4% of population in 2012 to 64.1% in 2022. Rising income and employment opportunities have led to migration to urban areas thereby creating greater need for better infrastructure in major Indian cities. Thus, the growing trend of urbanization and the subsequent rise in per capita income have contributed to increased demand for infrastructural development and housing demand.

Chart 3 - Urban Population v/s Rural Population



Source: World bank Database

2. INFRASTRUCTURE INDUSTRY IN INDIA

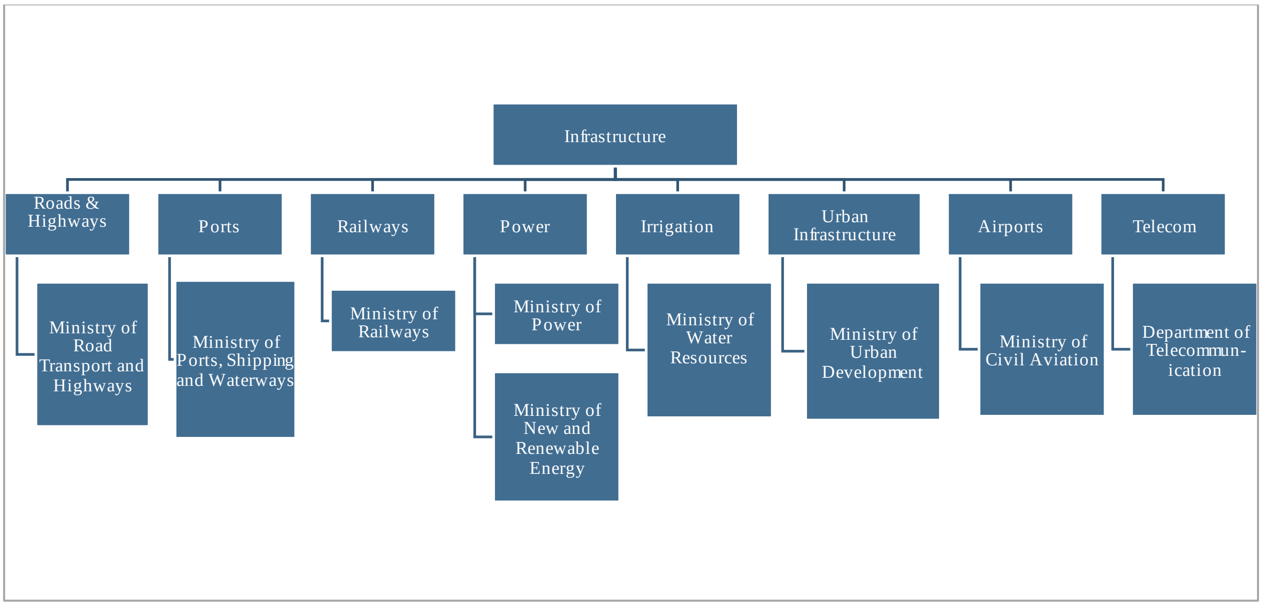
Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from the Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads, and urban infrastructure. In other words, infrastructure sector acts as a catalyst for India's economic growth as it drives the growth of the allied sectors like townships, housing, built-up infrastructure and construction development projects.

In order to become a US $5 trillion economy by 2025, infrastructure development is the need of the hour. The Government has launched the National Infrastructure Pipeline (NIP) combined with other initiatives such as 'Make in India' and the production-linked incentives (PLI) scheme to augment the growth of infrastructure sector. Historically, more than 80% of the country's infrastructure spending has gone towards funding for transportation, electricity and water & irrigation. Centre's share in NIP is 39% whereas, State and Private sector's share is 39% and 22% respectively.

Under NIP, investment in Energy sector will be ₹25,000 Billion, ₹20,000 Billion in Roads, ₹16,000 Billion in Irrigation, rural, agriculture and food processing, ₹16,000 Billion in Mobility, ₹14,000 Billion in Railways, ₹3,200 Billion in Digital Infrastructure and ₹2,500 Billion in Ports & Airports.

While these sectors still remain the key focus, the Government has also started to focus on other sectors as India's environment and demographics are evolving. There is a need for enhanced and improved delivery across the whole infrastructure range, from housing to water and sanitation services to digital and transportation demands, which will assure economic growth, increase quality of life and boost sectoral competitiveness.

Chart 4 - Ministries under Infrastructure Industry



Source: CareEdge Research

Investments & Government initiatives in the Infrastructure sector in India

- Shri Gadkari has stated that green initiatives in construction will be taken to make country carbon neutral by 2070.

- The Ministry has undertaken development of 2,078 km of Port connectivity roads in the country, including 372 km in the State of Maharashtra to increase logistics efficiency.

- A total 27 Greenfield corridors having overall length 9860 km planned in the country. The objective behind construction of roads under Greenfield projects is to optimize the overall cost to the economy, while catering to the traffic needs of the Origin-Destination in the most efficient way, providing most efficient connectivity between key economic centres, avoiding rehabilitation and resettlement on large scale, achieving higher speed and safer roads with dedicated entry/exit points.

- Shri Gadkari announced that there is a plan to implement Bahu Bali Cattle fence along the highways in the country to prevent accidents that cause loss to human life.

- Foundation stone for 11 NH projects worth ₹5600 crore have been laid in Pratapgarh, Rajasthan.

- The Asian Development Bank (ADB) approved a loan in November 2021 for US $250 Million to support the National Industrial Corridor Development Program (NICDP). This is a portion of the US $500 Million loan for constructing 11 industrial corridors connecting 17 states.

- With the launch of the "Infrastructure for the Resilient Island States" initiative in November 2021, India will have a significant opportunity to improve the lives of other vulnerable nations around the globe.

- Dubai and the Indian Government signed a contract in October 2021 to build infrastructure in Jammu and Kashmir, including industrial parks, IT towers, multipurpose towers, logistics centres, medical colleges, and specialized hospitals.

- For reform-based and result-linked fresh electricity distribution, the Government declared ₹ 3,059.84 Billion scheme over the next five years.

- The Mega Investment Textiles Parks (MITRA) scheme was introduced to create seven textile parks over three years and world-class infrastructure for the textile industry.

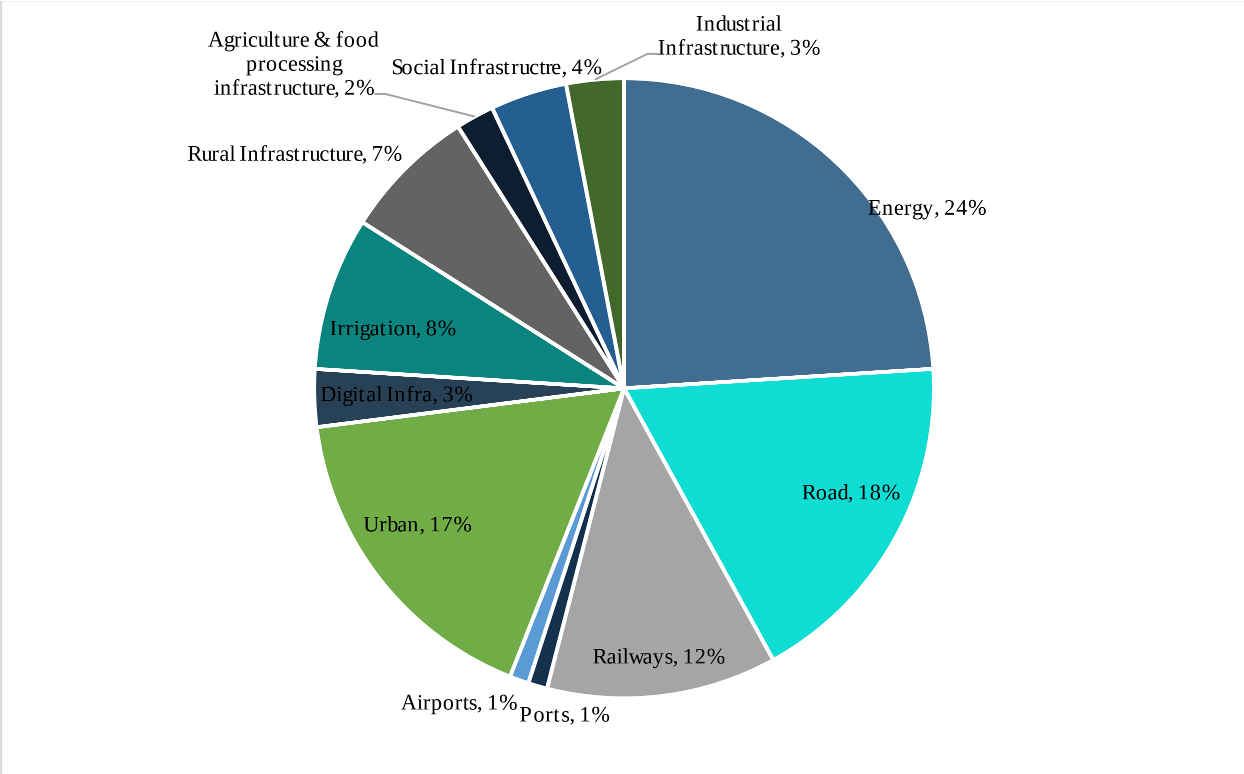
- The Ministry of Railways intends to monetize a number of assets, including the Eastern and Western Dedicated Freight Corridors once they have been put into service, the introduction of 150 modern rakes via public private partnership (PPP), station renovation via PPP, railway land parcels, multifunctional complexes (MFC), railway colonies, hill railways, and stadiums.

Opportunities in National Infrastructure Policy

Before the onset of the pandemic the GoI had unveiled the National Infrastructure Policy (NIP) covering various sectors and regions indicating that it is relying on an ‘infrastructure creation’ led revival of the country’s economy. The NIP which covered rural and urban infrastructure entailed investments to the tune of ₹111 Trillion to be undertaken by the Central Government, State Governments and the private sector during FY20-25. This in turn is expected to offer significant opportunities to construction players in India.

In order to achieve the GDP of USD 5 trillion by FY25, India needs to spend about USD 1.4 trillion over these years on infrastructure. During FYs 2008-17, India invested about USD 1.1 trillion on infrastructure. However, the challenge is to step up infrastructure investment substantially. Keeping this objective in view, National Infrastructure Pipeline (NIP) was launched with projected infrastructure investment of around ₹111 Trillion (USD 1.5 trillion) during FY 2020-2025 to provide world-class infrastructure across the country, and improve the quality of life for all citizens. It also envisages to improve project preparation and attract investment, both domestic and foreign in infrastructure. NIP was launched with 6,835 projects, which has expanded to over 9,000 projects covering 34 infrastructure sub-sectors.

Chart 5 - Sector-wise break-up of capital expenditure of ₹111 Trillion during fiscal 2020-25



Source: NIP

During the fiscals 2020 to 2025, sectors such as energy (24%), roads (18%), urban (17%), and railways (12%) amount to around 70% of the projected capital expenditure in infrastructure in India. NIP has involved all the stakeholders for a coordinated approach to infrastructure creation in India to boost short-term as well as the potential GDP growth.

Table 3 - Further, the number of projects and the total cost as per NIP for different sectors are as follows:

Sector	No. of projects	Value of projects (USD Billion)
Roads & bridges	3,595	396.23
Railways	752	243.99
Power (Generation, Transmission & Distribution)	697	364.27
Real Estate	630	225.09
Waste and Water	940	119.67
Urban public transport (Metro, bus terminal, road/traffic infra etc)	216	98.39

Source: NIP

3. SWOT ANALYSIS FOR INFRASTRUCTURE

Strengths:

- Availability of a large workforce that can be employed for infrastructure projects.
- The adoption of technology in infrastructure projects is gradually increasing, helping in cost reduction and enhancing efficiency.
- Huge investments by the government - There has been a 33% increase in CapEx toward infrastructure to Rs.10 lakh crore in the 2023-24 Union budget as compared to the 2022-23 Union Budget. As per the Union Budget 2023-24, a capital outlay of ₹2.40 lakh crore has been provided for the railways, which is the highest ever outlay and about 9 times the outlay made in 2013-14.
- Boosting tourism development in India, for instance, the Mumbai-Goa National Highway to be completed by December 2023, is a highway connecting major tourist destinations in Konkan. Also, industrial development will get a boost as there is a road connecting major industrial areas.
- The capital expenditure in the roads sector has increased by almost 5 times from ₹51,204 Cr in 2013-14 to ₹2,41,028 Cr in 2022-23.

- As per Pradhan Mantri Gram Sadak Yojana, focus on new and green technology as per 1,38,060 Km road length sanctioned and 85,583 km constructed as of July 2023 from 12,686 Km sanctioned and 2,133 km completed as of March 2014, has been increasingly done with regard to road construction.

Weakness:

- Due to limited financial flexibility and to bridge the infrastructure investment gap, there is a need to encourage private investment as most infrastructure financing comes from the government.

- Due to substantial upfront expenditure and long gestation periods involved, private players may hesitate to participate in infrastructure projects.

- There is an overdependence in India on older technologies for waste water treatment resulting in more repair work and less efficiencies of these plants. These limitations lead to poor performance of the plants and adulteration of sewage and water bodies. The conventional centralized wastewater treatment plants are designed to remove only Nitrogen, Biological Oxygen, and Phosphorous but with rapid urbanization and changing types of contaminants, technologically advanced plants are needed to be set up to deal with them.

- Social acceptance of treated wastewater is a big challenge due to fear and disgust when it comes to reuse. Moreover, recycled water is unlikely to be used as drinking water when compared to its use in irrigation, etc.

- Revenue from large infrastructure projects is spread over 20-30 years whereas the loan for the same project is for the period of 10-15 years. This results in cash flow mismatch in the initial years of operations till the project stabilizes and also overall tenure mismatch between project cashflows and debt repayment, thereby resulting in private players' fund cashflow mismatches from their own sources.

- Land acquisition gives rise to major resettlement and rehabilitation issues, especially in the metro cities and these issues can go on for years, leading to project delays. Since cities are densely populated and for a new railway or metro line, a large chunk of land is to be acquired. This land may belong to slums, construction companies, or even business owners. Additionally, the rehabilitation cost may also add up to the project cost for the railway/metro project.

Opportunities:

- Rapid urbanization provides an opportunity for the development of urban infrastructure including smart cities.

- Increase in capacity additions in industrial activities to aid the growth in infrastructure and manufacturing plants.

- The Public Private Partnership (PPP) model along with financial instruments like Viability Gap Funding (VGF) and Special Purpose Vehicles (SPVs) and the introduction of Infrastructure Investment Trusts (InvITs) provides avenues for private sector participation.

- Improvement in transportation networks boosts connectivity and trade, thereby paving the way for economic growth. Development of infrastructure has a multiplier effect on demand and efficiency of transport along with increasing commercial and entrepreneurship opportunities.

- Significant capacity additions in power generation expected over the next 7-8 years including renewable reources.

- The National Monetization Plan (NMP) announced by the Government has identified the road sector as having the maximum potential at ₹1,602 Billion which constitutes a 27% share in the overall NMP. Around 26,700 km of road assets are to be monetized under NMP which makes up around 20% of the total asset length.

- Government plans to add more national highways to the InvIT portfolio as long-term revenue-generating assets which will further give retail businesses a regular investment opportunity. With InvIT coming into the picture, the burden on the budget will be lowered as financing will be borne by InvIT. This will result in reducing the debt of NHAI and enable access to additional funds for the new projects.

Threats:

- Delay in implementation of government schemes.

- Economic uncertainties can impact funding for infrastructure projects and delay their execution along with discouraging private participation.

- Geopolitical risks may impact foreign investments and disrupt infrastructure development.

- Complex regulatory procedures/ government regulations cause delays in project implementation and cost overruns.

- The volatility in commodity prices impacts the margins of construction players. The rising cost of steel and cement, two major raw materials that are consumed in railways and the metro industry, saw a sharp rise post-COVID-19. Therefore, any variation in the prices of raw materials during the construction period of the project has a direct impact on the total cost of the project.

- With lower-than-anticipated revenues, the private players' debt servicing capacity has been impacted. To mitigate the risk of failure of the company, restructuring of loans has been opted by the private players. Restructuring of loans for the first time does not impact asset classification but subsequent restructuring leads to NPA recognition in the books of financial institutions.

- Rising interest rates reflect higher inflation, causing higher costs of borrowings as most of industry depends on external borrowings. Therefore, higher interest rates impact different infrastructure assets differently.

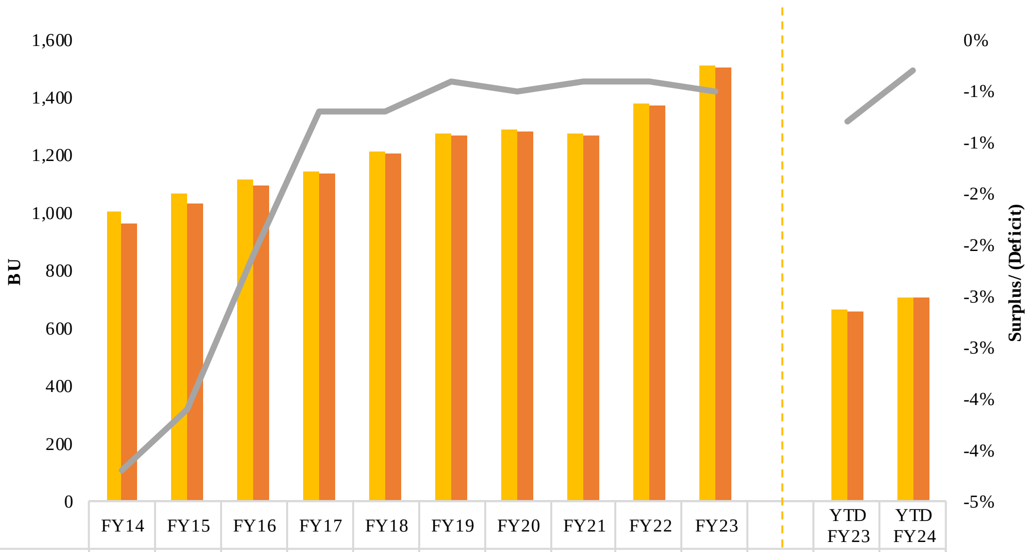
4. POWER (HYDRO, NUCLEAR, THERMAL)

4.1. Review and outlook of the power demand – supply in India

Power demand, supply and deficit in India

In India, power demand has been on the rise in the past decade, except during FY21 due to COVID-19. COVID-19-induced-lockdown and restrictions have led to lower demand and generation of electricity since the pandemic curtailed commercial and business activities. As a result, the first half of FY21 witnessed a decline in power demand. However, with the gradual reopening of the economy despite localized lockdowns, the power demand has continued to gradually rise over the past 2 years.

Chart 6 - Power supply position in India



	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	YTD FY23	YTD FY24
Requirement	1,002	1,069	1,114	1,143	1,213	1,274	1,291	1,276	1,380	1,512	664	707
Availability	960	1,031	1,091	1,136	1,205	1,267	1,284	1,271	1,374	1,504	659	705
Surplus/Deficit (RHS)	-4.20%	-3.60%	-2.10%	-0.70%	-0.70%	-0.4%	-0.5%	-0.4%	-0.4%	-0.5%	-0.8%	-0.3%

Requirement Availability Surplus/Deficit (RHS)

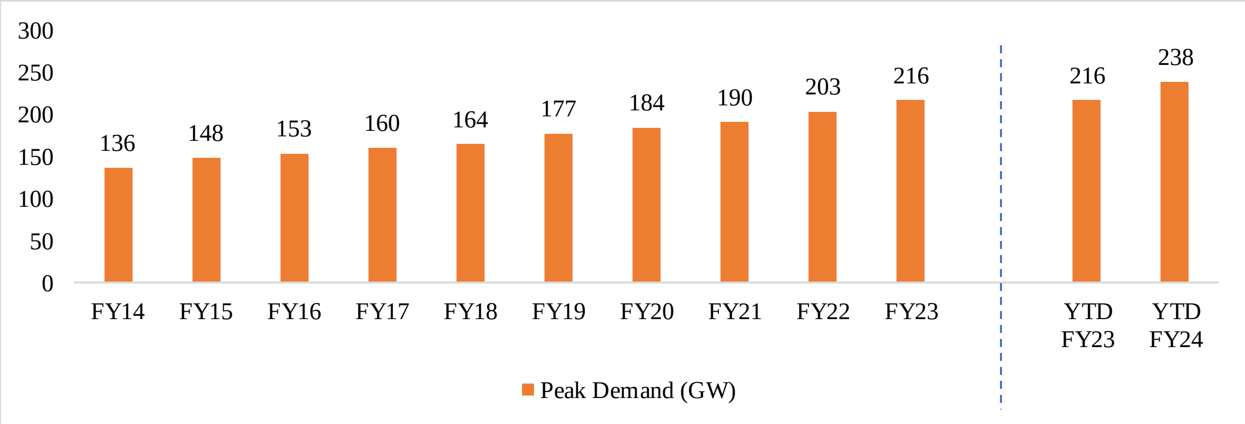
Source: Power Ministry, CEA, CareEdge Research
Note: YTD is year to date consisting of data from April to August for the respective period

The electricity requirement has grown from 1,002 BU in FY14 to 1,512 BU in FY23. There has been a continuous deficit between electricity requirement and availability of around 0.5%-4.2% between FY14 and FY23. During April-August 2023, the electricity demand stood at 707 MU, an increase of 6.4% y-o-y, while the deficit was 0.3%.

However, the peak demand not met was around 6 GW in FY14 and the average energy not supplied was around 42,428 MU. The peak demand not met and energy not supplied has been on a downward trend since and substantially decreased to 2.475 GW and 5,787 MU, respectively, in FY22. However, in FY23, due to high power demands, the peak demand not met was 8.6 GW and energy not supplied increased to 5,057 MU. Whereas during April-August 2023, the peak demand not met was 1.593 GW and the energy not supplied was 1,861 MU.

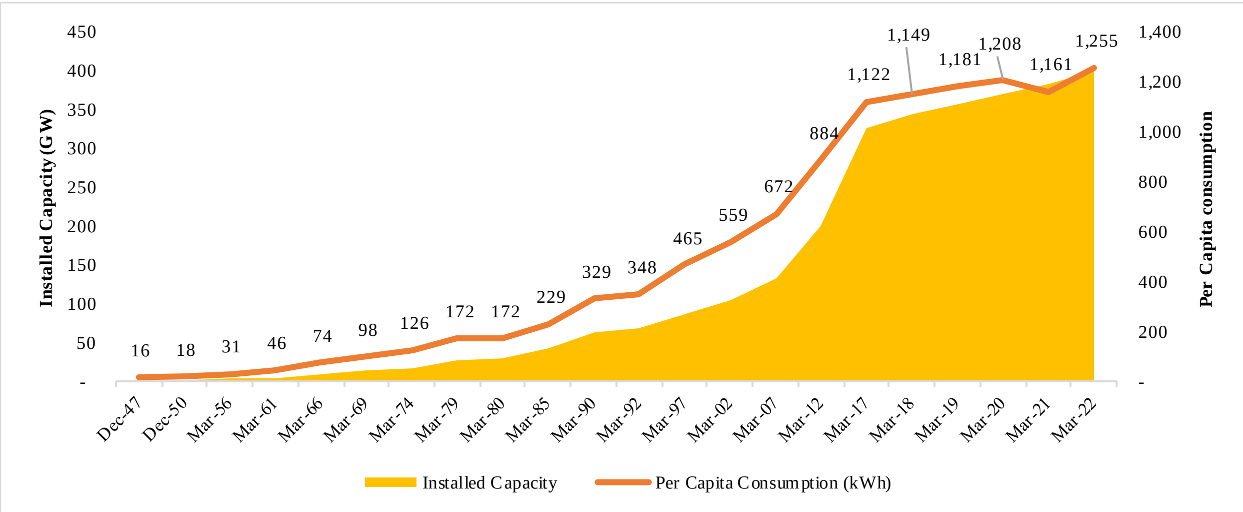
Further, peak energy demand grew at a CAGR of 4.7% from 136 GW in FY14 to 216 GW in FY23, while peak supply grew at a CAGR of 5.3% over the same time period. There was a 10% y-o-y increase in the power requirement by the country in FY23. The peak power demand was the highest ever at 238 GW in April-August 2023, due to higher temperatures during the summer season compared to last year.

Chart 7 - All India peak demand



Source: Power Ministry, CEA, CareEdge Research
Note: YTD is year to date consisting of data from April to August for the respective period

Chart 8 - Growth of Electricity Sector in India - Installed Capacity and Per Capita Consumption*



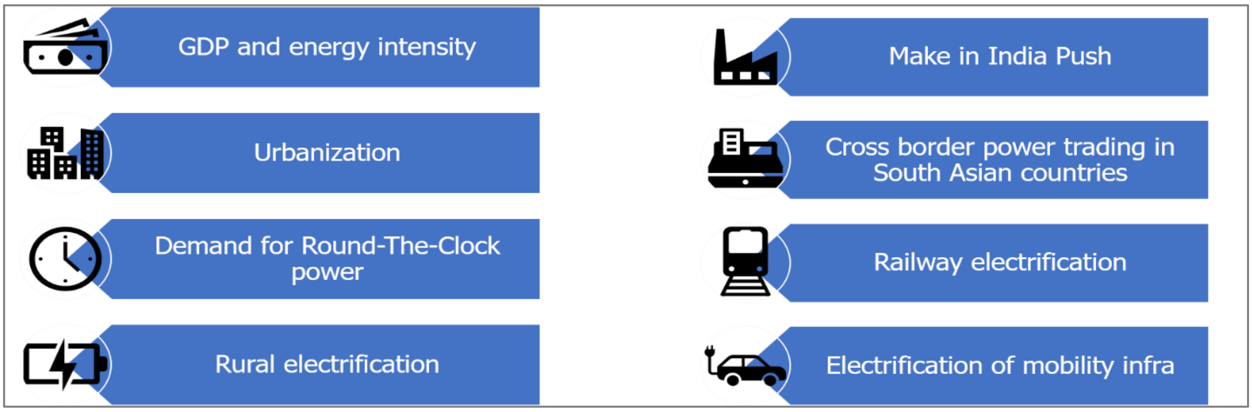
Source: CEA, CareEdge Research
(*) Per Capita Consumption = Gross Electricity availability/ Mid-year Population

Table 4 - Physical Progress cumulative up to July'23 (GW):

Sector	Cumulative up to July 2023	Under Construction	Tendered	Potential (GW)
Hydro Power	46.8	10.9	0	148
Wind Power	43.9	17.23	1.2	695
Solar Power	71.1	36.27	20.3	750
Small Hydro Power	4.9	0.3	0	21
Bioenergy - Biomass (Bagasse) Cogeneration	9.4	0	0	22
Bioenergy - Biomass (Non-Bagasse) (Cogeneration/ Captive Power)	0.8	0	0	
Waste to Power	0.2	0	0	3
Waste to Energy (Off-grid)	0.3	0	0	
Hybrid/ Round the clock/ Thermal + RE bundling	-	-	11.0	0
Total	**177.4**	**64.7**	**33**	**1,639**

Source: MNRE, Energy Statistics India 2023, CareEdge Research

Chart 9 - Growth Drivers for power demand and constraints



Source: CareEdge Research

5. WATER SUPPLY AND WASTE WATER MANAGEMENT

The average water available per capita annually depends on the region's hydro-meteorological and geological factors. The per capita water availability in the country is reducing due to increasing population. The annual per-capita water availability is less than 1,700 cubic meters and is expected to fall to 1,367 cubic meters by 2031 according to "Reassessment of Water Availability in India using Space Inputs (2019)." As per a report by Dynamic Ground Water Resource Assessment 2022, out of 7,089 assessment units which includes blocks, talukas, mandals, watersheds, firkas in the country, 1,006 units have been categorized as 'Over-exploited'.

It is expected that by 2050, about 1,450 km3 of water will be required out of which approx. 75% will be used in agriculture, ~7% for drinking water, ~4% in industries, ~9% for energy generation. However, because of growing urbanization, the need for drinking water will take precedence from the rural water requirements. Many of the cities are situated by the bank of rivers from where the fresh water is consumed by the population and the waste water is disposed back into the river, thus causing contamination of the water source and irrigation water. This has raised serious challenges for urban wastewater management, planning and treatment.

According to the Central Pollution Control Board (CPCB), the estimated wastewater generation was almost 39,600 Million liters per day (MLD) in rural regions, while in urban regions it was estimated to be 72,368 MLD for the year 2020-21. The estimated volume in the urban cities is almost double than that of the rural regions because of the availability of more water for sanitation which has improved the standard of living.

Table 5 - Market size for water requirement for different uses (in Billion Cubic Meters) in coming years:

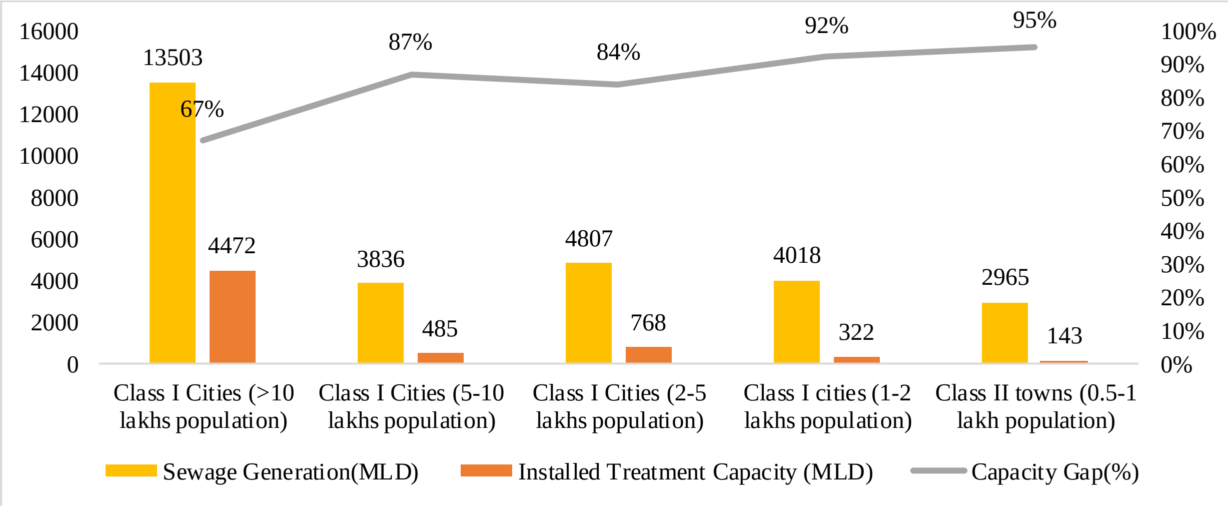
Sr No.	Uses	Scenario (2025)	Scenario (2050)
1	Irrigation	611	807
2	Domestic	62	111
3	Industries	67	81
4	Power	33	70
5	Others	70	111
	Total	843	1,180

Key performance indicators for water supply management in India:

The GoI in partnership with States is implementing Jal Jeevan Mission (JJM). At the time of the announcement of the JJM, only 17% of the households were reported to have tap connections. However, as on October 20, 2023, post implementation of the JJM, 70% of the households are reported to have tap water supply in their homes.

Key performance indicator for the water sewage sector:

Chart 10 - <u>Sewage generation and treatment capacities (MLD)</u>



6. TRANSPORTATION (ROADS, HIGHWAY AND PORT)

6.1. Overview

Transportation of freight as well as passengers by road is one of the most cost-effective mode. With a total 6.33 Million kilometers (kms) of road network, India ranks second in the world after USA. This road network supports movement of 60% of freight traffic in the country and 87% of the total India's passenger traffic. The Indian road network comprises of National Highways, Expressways, State Highways, Major District Roads, Other District Roads and Village Roads. To get the country in fast forward mode, development of National Highways has been key focus area, however state highways, district and rural roads continue to be large part of overall road network.

Table 6 - Breakup of Road Network as stated in March 2023:

	Million kms	%
National Highways	0.14	2%
State Highways	0.17	3%
Other Roads	6.02	95%
Total	**6.33**	**100%**

Source: MoRTH & CareEdge Research

With improvement in road connectivity over the years between cities, towns and villages, transportation by way of road has gradually increased over the years. Development and maintenance of roads in India is undertaken by various agencies of both Central and State Governments. The primary agency responsible for the development and maintenance of National highways is the Ministry of Road Transport & Highways (MoRTH) and it executes the same through the agency of National Highways Authority of India Ltd (NHAI), National Highway Infrastructure Development Corporation Ltd (NHIDCL) and State PWDs & Border Roads Organizations etc.

India's road infrastructure has seen consistent improvement in the last few years. Connectivity has improved and road transportation has become a focus of rapid development. Roads are providing better access to services, ease of transportation and movement to people. Recognizing the significance of a reliable and swift road network in the country and the role it plays in influencing its economic development, the MoRTH has taken up the responsibility of building quality roads and highways across the country. As per MoRTH, road transport emerged as the dominant segment in India's transportation sector with a share of 4.5% in India's GDP in FY06.

Road construction trends in recent years also gives optimism of achieving high targets during next few years in spite the sector badly hit by the COVID - 19 pandemic and partial lockdown at various states across India. Sector has clearly shown focus on Bharatmala Pariyojana with added emphasis on multimodal integration, road safety, increasing use of Information Technology applications, augmentation of existing funding sources and emphasis on green initiatives.

6.2. Institutional framework for Roads at Central level

MoRTH, an apex organization under the Central Government, is entrusted with the task of formulating and administering, in consultation with other Central Ministries/Departments, State Governments/UT Administrations, organizations and individuals, policies for road transport, national highways and transport research with a view to increasing the mobility and efficiency of the road transport system in the country. The Ministry has two wings:

- **Roads wing** responsible for development and maintenance of National Highways in the country

- **Transport wing** responsible for matter relating Road Transport.

Main Responsibilities of Road wing are:

- Planning, development and maintenance of National Highways in the country
- Extend technical and financial support to State Governments for the development of state roads and the roads of inter-state connectivity and economic importance
- Evolve standard specifications for roads and bridges in the country
- Serve as a repository of technical knowledge on roads and bridges

Main Responsibilities of Transport Wings are:

- Motor Vehicle legislation
- Administration of the Motor Vehicles Act, 1988
- Taxation of motor vehicles
- Compulsory insurance of motor vehicles
- Administration of the Road Transport Corporations Act, 1950
- Promotion of Transport co-operatives in the field of motor transport
- Evolves road safety standards in the form of a National Policy on Road Safety and by preparing and implementing the Annual Road Safety Plan
- Collects, compiles and analyses road accident statistics and takes steps for developing a Road Safety Culture in the country by involving the members of public and organizing various awareness campaigns
- Provides grants-in-aid to Non-Governmental Organizations in accordance with the laid down guidelines

Various institutes with responsibilities make the functioning of MoRTH smooth. An autonomous body **National Highways Authority of India (NHAI)** is responsible for development and maintenance of National Highways. **National Academy of Highway Engineers** (formerly National Institute of Training for Highway Engineers) is for sharing of knowledge and pooling of experience on the entire range of subjects dealing with the construction and maintenance of roads; bridges; tunnels and road transportation including technology, equipment, research, planning, finance, taxation, organization and all connected policy issues. A fully owned company of MoRTH, **National Highways and Infrastructure Development Corporation (NHIDCL)** is responsible for promoting, surveying, establishing, designing, building, operating, maintenance and upgradation of National Highways and Strategic Roads including interconnecting roads in parts of the country which share international boundaries with neighboring countries.

6.3. National Highways Development Project (NHDP)

NHDP was launched in 1999-2000 to achieve a turn-around in the road sector in phased manner. Under First and second phase, four laning of 6,359 km and 6,359 km was approved on January 12, 2000 and December 18, 2003 at the cost of ₹303 Billion and ₹343.39 Billion respectively. These two phases comprise of Golden Quadrilateral (GQ), North-South and East-West Corridors (NS-EW), Port Connectivity and other projects. The GQ (5,846 km) connects the four major cities of Delhi, Mumbai, Chennai and Kolkata. The NS-EW Corridors (7,300 km) connect Srinagar in the North to Kanyakumari in the South, including a spur from Salem to Kochi and Silchar in the East to Porbandar in the West. Under third phase, upgradation of 12,109 km was approved on April 12, 2007 at the estimated cost of ₹806.26 Billion. Under fourth phase, upgradation/strengthening of 20,000 km of national highways to 2 lanes with paved shoulders on EPC/ BOT (Toll/Annuity) basis was approved on June 18, 2008. Under fifth phase, six laning of 6,500 km of national highways comprising 5,700 km of Golden Quadrilateral and balance 800 km of other sections were approved on October 5, 2006 at the cost of ₹412.1 Billion. Under sixth phase, construction of 1000 km of expressways with full access control on new alignments at a cost of ₹166.8 Billion was approved in November 2006. Under seventh phase, construction of ring roads, bypasses, grade separators, flyovers, elevated roads and tunnels at a cost of ₹166.8 Billion were approved in December 2007. Below table explains the status of completion of various phases of NHDP, which have been subsumed under the umbrella programme of Bharatmala Pariyojana, Phase-I:

Table 7 - Completion status of NHDP Phases December 2020

NHDP Phases	Length completed up to 31.12.2020 in km
I+II+III+IV: GQ, Port connection & Up-gradation with 2/4/6-laning / North-South & East West Corridor	38,685
V: 6-laning of GQ and High-density corridor	4,088
VI: Expressways	219
VII: Ring Roads, Bypasses and flyovers and other structures	181

Source: MoRTH

6.4. NHAI – Authority in Charge for National Highways

National Highway Authority of India (NHAI) is the authority responsible for the development of National Highways in India. It came into existence by passing of the National Highway Authority of India Act 1988. It was formed with the vision to meet the need of provision and maintenance of National Highway networks to global standards. Its mission is to develop, maintain and manage National Highways vested in it by the Government, to collect fees on National Highways, regulate and control the plying of vehicles on National Highways for its proper management, to develop and provide consultancy and construction services in India and abroad and carry on research activities in relation to the development, maintenance and management of highways or any other facilities there at, to advise the Central Government on matters relating to highways, to assist on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development. It has tried to achieve its mission by bringing innovative ways of construction so as to increase private participation.

6.5. National Highway

Recovery Mode on – Highway construction pace returned to pre COVID - 19 level

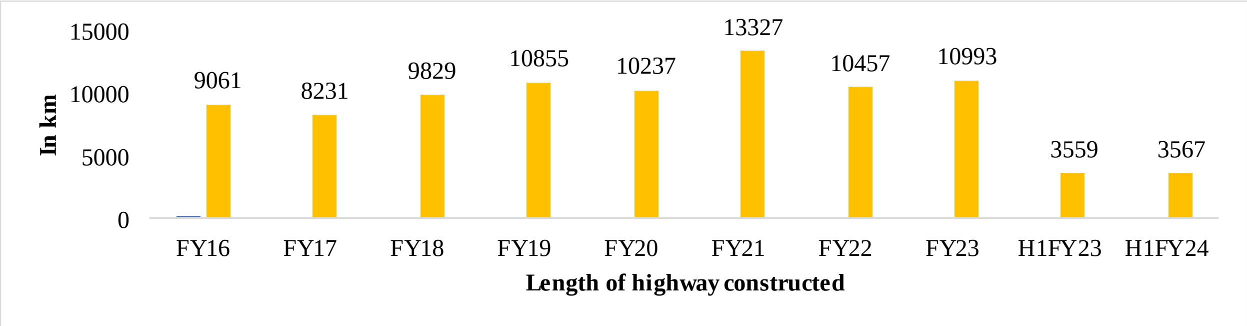
The highway construction in India grew at a CAGR of 12% between FY15-FY23. Despite the challenges amid COVID - 19, the Government's relentless focus on infrastructure spending, boosted a sharp growth in highway construction in FY21. After a slow growth in the first half of FY21, the pace of highway construction picked up in the second half of FY21, in which the February and March 2021 registered a record high construction at a pace of over 70 kms a day.

In FY22, the pace of project award picked up by 16.1% but the construction pace slowed down by 21.54% after record highway construction in FY21. The project awarding pace did not pick up in FY23 as well, where the projects awarded declined by 2.8% and construction pace pick up by 5.1% as compared to FY22. In FY23, 10,993 Kms of highways were constructed and 12,375 kms were awarded. The slowdown in construction can be attributed to the slowdown in awarding activity. In H1FY24, the awarding activity has slowed down by 44% as compared to the same period in FY23in a run up to the general elections scheduled in the next year.

The construction of the highway in first half of the fiscal, i.e till September 2023 stood at 3,567 kms as compared to 3,559 kms in the same period during FY23. The construction length has remained stable since the last year. The pace of construction has been maintained at 20 km/day in H1FY24, which is on the lines of H1FY23.However, construction activity in the second half of FY24 is expected to be robust backed by various Government initiatives such as Gati Shakti, Bharatmala Pariyojana, National Infrastructure Pipeline and change in the Model Concession Agreement (MCA) of the Hybrid Annual Model (HAM) of road project implementation.

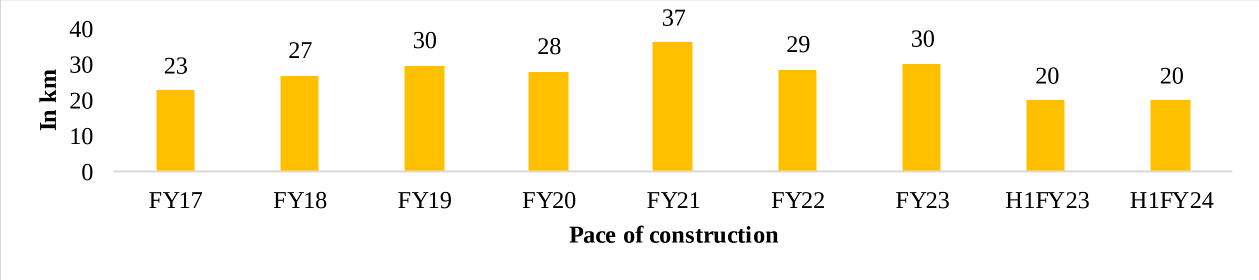
Key performance indicator for national highways:

Length of Highway constructed in India



Source: MoRTH & CareEdge Research

Rate of Highway construction per day



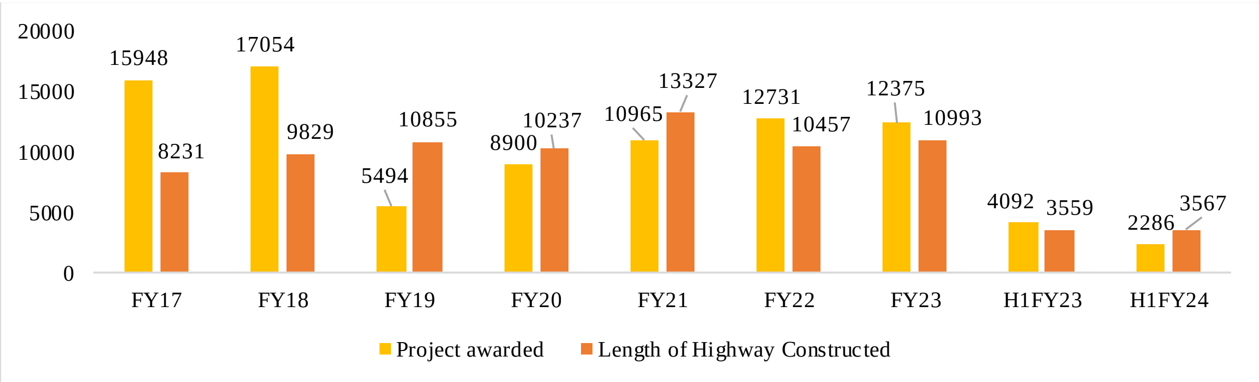
Source: MoRTH & CareEdge Research

6.6. Key growth drivers of the sector

Firing the fuel that lead to achieve pre COVID - 19 levels

National Highways Projects awarded continue strong pace. The national highways project has witnessed decline in projects awarded due to lower participation from private players. However, with increased focus towards EPC and HAM models, the pace of awards of NH projects grew at a strong pace of 32% CAGR over the past 4 years (Refer chart below). Strong execution of projects was witnessed in FY22, albeit lower than FY21 as it was impacted with reinforcement of lockdown and extended monsoons. However, project execution is expected to continue its momentum in FY23 on back of higher awarding activity and also various Government initiatives such as Gati Shakti, Bharatmala Pariyojana, National Infrastructure Pipeline and change in the Model Concession Agreement (MCA) of the Hybrid Annual Model (HAM) of road project implementation.

Road Projects Awarded and Constructed



Source: MoRTH & CareEdge Research

Government's infrastructure focuses to support growth in the medium term

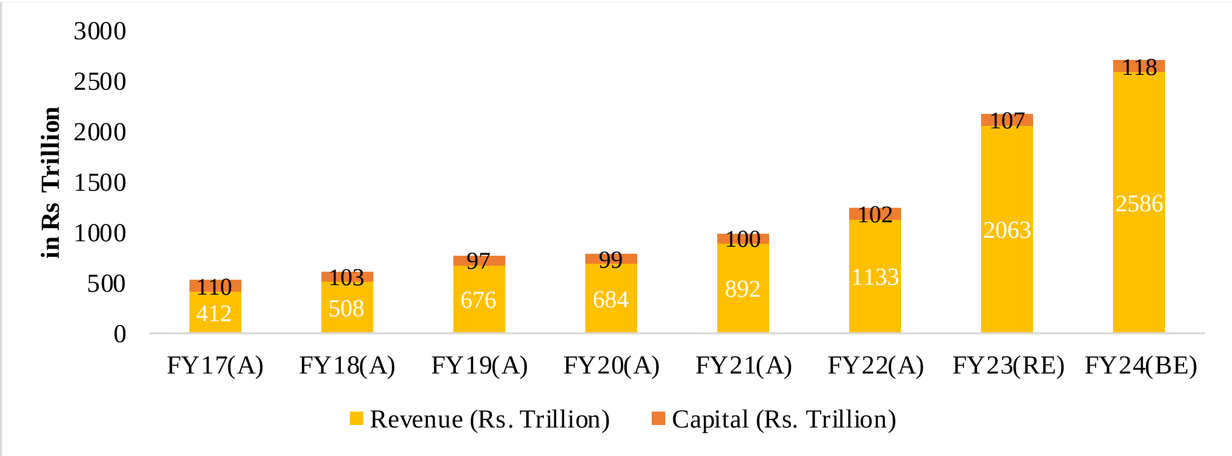
Road construction is amongst the critical sub-segments of infrastructure development, economic growth as well as for employment creation. Infrastructure has been a major focus of the Government currently.

In the Union budget 2022-23, the Government budgeted to incur higher expenditure towards road construction. Wherein, the Central Government made the highest ever outlay of ₹1,990 Billion (compared to the estimated expenditure of ₹1,310 Billion for 2021-22).

Overall, the Union Budget for 2023-24 depicted higher focus on infrastructure. The budget plan aims for multi-modal logistics facilities and connectivity systems under the PM Gati Shakti. For infra push, financial assistance of ₹1,300 Billion interest free loans for 50 years has been allocated to states from the Centre. Through this, the Government is planning to generate employment opportunities and augurs well for the Roads sector.

In addition, ₹111 Trillion of investments have been projected in infrastructure projects for FY20-FY25 by the Task Force on National Infrastructure Pipeline (NIP), with ~18% of the targeted investment expected to be made in the road sector in India. Also, under the recently announced Asset Monetization Pipeline, around ₹1,600 Billion are to be monetized through roads.

Budget Allocation for the Ministry of Road Transport and Highways



Source: Demand for Grants 2022-23, MoRTH
RE – Revised Estimates
BE – Budgeted Estimates

6.7. Key budget announcements for road sector in FY23

The 2023-24 budget by the Government highlights the impetus for growth by focusing on big public investment for modern infrastructure, which shall be guided by PM Gati Shakti and benefited by the synergy of multi-modal approach.

- It's a step towards economic growth as well as sustainable development and is driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure.
- 100 critical transport infrastructure projects have been identified at an investment of ₹75,000 crore including ₹15,000 crore from private players.
- For the urban infrastructure in Tier – II and Tier – III cities, a corpus of ₹10,000 crore per annum has been set aside via establishment of Urban Infrastructure Development Fund.

6.8. Government Initiatives for Development of Road Infrastructure

GoI has introduced a number of policy initiatives to ensure an enabling environment for various stakeholders involved.

The initiatives are broadly categorized as follows:

Development Initiatives by Government of India

- **Bharatmala Pariyojana**

  MoRTH has envisaged an ambitious highway development program Bharatmala Pariyojana which includes the development of 65,000 km of national highways. The key objective of the programme is to optimize the efficiency of freight and passenger movement – this would be achieved by bridging critical infrastructure gaps through the development of Greenfield expressways, economic corridors, inter-corridors and feeder routes. Under Phase-I of Bharatmala Pariyojana, the MoRTH has approved implementation of 34,800 km of National highways in 5 years with outlay of ₹5,350 Billion. NHAI has been mandated the development of about 27,500 km of National Highways under Bharatmala Pariyojana Phase-I.

- **Connectivity in LWE Area**

  The Government has approved a scheme for development of about 1,177 km of NHs and 4,276 km of State Roads in Left Wing Extremism (LWE) affected areas as a Special Project with an estimated cost of about ₹73 Billion. The detailed estimates for 5,422 km length have been sanctioned at an estimated cost of ₹86.74 Billion. Development in 4,792 km length has been completed up to March, 2019 and cumulative expenditure incurred so far is ₹73.15 Billion.

- **Char Dham Pariyojana**

  MoRTH has taken up separate programme for connectivity Improvement for Char-Dham (Kedarnath, Badrinath, Yamunothri & Gangothri) in Uttarakhand. Out of total 53 civil works covering the entire length of 889 km under Chardham project, 40 civil works of total project cost amounting to ₹94.74 Billion (including cost of pre-construction works amounting to ₹4.91 Billion) in a length of 673 km has been sanctioned.

- **Special Accelerated Road Development Programme (SARDP) including Arunachal Pradesh Package**

  The Scheme has been envisaged to be taken up under three phases. First phase - improvement of about 4,099 km length of roads (3,014 km of NH and 1,085 km of State roads). Out of these, 3,213 km roads have been approved for execution and balance 886 km has been approved 'In-Principle'. 3,333 km of length has been awarded and 2,101 km of roads have been completed till March, 2019. The SARDP-North East first phase is expected to be completed by 2023-24. Second phase of SARDP-NE - improvement of 3,723 km of roads (2,210 km NHs and 1,513 km of State roads) and shall be taken up after completion of first phase.

  The Arunachal Pradesh Package for Road & Highways involving development of about 2,319 km length of road (2,205 km of NHs & 114 km of State / General Staff / Strategic Roads) has also been approved by the Government. Projects on 776 km are to be taken up on BOT (Annuity) mode and the remaining are to be developed on EPC mode / Item Rate Contract as per MoRTH's extant policy. Projects of 2,047 km length have been awarded and 928 km of road has been completed till March 2019. The entire Arunachal Pradesh package is targeted for completion by 2023-24. An amount of about ₹303.15 Million has been spent in SARDP including Arunachal Pradesh Package.

- **State Public Works Department (PWD) and Border Road Organization (BRO)**

  An amount of about ₹249.29 Billion was earmarked during the year 2021-22, for the development of NH entrusted to State PWDs. States have spent ₹ 191.57 Billion till December 31, 2021. An amount of about ₹4.33 Billion was earmarked during the year 2021-22, for the development of NH entrusted to BRO. BRO has spent ₹1.79 Billion till December 31, 2021. An amount of about ₹9.11 Billion was earmarked during the year 2021-22, for the maintenance of NH entrusted to State PWDs. States have spent ₹2.10 Billion till December 31, 2021. An amount of about ₹1.70 Billion has been earmarked during the year 2021-22, for the maintenance of NH entrusted to BRO. BRO has spent ₹0.69 Billion till December 31, 2021.

6.9. Various Operational Initiatives to smoothen construction

Process streamlining is being increasingly taken up by MoRTH to ensure smooth appraisal and approval of road sector projects. Some of the major steps for process streamlining are:

- **Mode of Delivery:** MoRTH is empowered by a Cabinet Committee on Economic Affairs (CCEA) decision on mode of delivery of projects.

- **Increased threshold for project appraisal and approval:** MoRTH was authorized through a CCEA decision to appraise and approve projects up to ₹100 Billion.

In addition to this many technological initiatives have been adopted by MoRTH to aid the execution and operation of a road projects. Some of technological initiatives are:

- **Use of Bhoomirashi:** MoRTH has corroborated with the National Informatics Centre, to create Bhoomirashi, a web portal which digitizes the cumbersome land acquisition process and also helps in processing notifications relating to land acquisition process and also helps in processing notifications relating to land acquisition online. Processing time, which was earlier two or three months, has come down to one to two weeks now

- **E-procurement System:** NHAI is using the e-procurement portal for tendering of all kinds of goods and services. This has led to greater transparency. The system currently in use by NHAI is the Central Public Procurement Portal by National Informatics Centre (NIC)

- **Bidder Information Management System (BIMS):** BIMS aims to simplify the qualification process of bidders for road construction contracts. This helps in faster evaluation of technical information provided by the bidders

- **Interlinked between various platforms:** The two IT initiatives Bhoomirashi and BIMS, have now been integrated with the Public Financial Management System (PFMS). PFMS allows for the compensation amount to be paid to the concerned person directly rather than being deposited with CALA (Competent Authority for Land Acquisition)

- **mVahan:** mVahan has been envisaged as a convenient mobile solution for managing various VAHAN services by Department Officers at the RTOs and other stakeholders like dealers. The current version, facilitates a number of processes including automation of Vehicle Inspection and Fitness, facilitation of documents uploads by Dealer/RTO during vehicle registration and other services like processing requests for change of address etc. The Government is further working to expand to cover the full range of RTO operations

6.10. Revival of languishing projects:

Projects which were languishing for a number of years have been attempted to be revived with the help of number of policy measures taken by the Government. Some of the policy measures have been discussed below:

- **100% equity divestment two years post Commercial Operation Date (COD) –** The policy enables private developers to take out their entire equity and exit all operational BOT projects two years from commercial operation date

- **Premium deferment in stressed projects –** The policy permits rescheduling of premium committed by concessionaires during bid stage for awarded projects

- **Rationalized compensation to concessionaires for languishing NH projects in BOT mode for delays not attributable to concessionaires –** The policy enables extension of concession period for languishing BOT projects to the extent of delay provided. The original operation period remains unchanged

- **One-time fund infusion –** The policy enables revival and physical completion of languishing BOT projects that have achieved at least 50% physical progress, through one-time fund infusion by NHAI, subject to adequate due diligence on a case to case basis

6.11. Amicable dispute resolution:

To enable time-bound resolution in an affordable manner, efforts have been made by NHAI for dispute resolution through the established mechanism of alternate dispute resolution through the three-tier stage of.

- 3-CGM committee

- Independent Settlement Advisory Committee (ISAC) and

- Executive Committee/Board of NHAI for Settlement of disputes

In 2017, NHAI established Conciliation through Committee of Independent Experts (CCIE). Further, Society of Affordable Redressal of Disputes (SAROD) was formed in 2013 by NHAI to reduce cost and time overruns due to the arbitration process and for fast dispute redressal. The main objectives of SAROD were to reduce cost due to the arbitration process and pendency of disputes, efficient disposal of disputes and to develop experts for the arbitration process 347 arbitrators have already been empaneled.

6.12. Key trends in Roads sector

Robust demand of automobiles: The overall domestic sales in 9MFY23 grew by 12% compared to 9MFY22. The growth has been primarily driven by the commercial vehicle and passenger vehicle segment, especially the utility vehicles sub-segment under passenger vehicles. This growth of automobiles is a major push for road development in the country.

Huge investments by Government: In the Union budget 2023-24, the Government budgeted to incur higher expenditure towards road construction (approximately 2,700 Billion). The Central Government made an outlay of ₹1,990 Billion in 2022-23 (compared to the estimated expenditure of ₹1,310 Billion for 2021-22).

Development of economic corridors: Corridors like Bharatmala Pariyojana help in integrating the economic corridors which facilitate larger connectedness between economically important production and consumption centers.

6.13. PPP models

To boost Private participation, Government has come up with various models.

Overview

Connectivity has been priority of the Government and making last mile connectivity, road is the best and cheapest way of increasing connectivity. Construction of roads in every corner of the country by only Government agency is difficult as it will increase time and cost both. To achieve complete connectivity by way of roads, Government partnered with the private players and it came to be known as Public Private Partnership (PPP). Initially, PPP road projects broadly fell in one of the two categories of toll or annuity. However private sector participation gradually subdued post 2012 due to various issues including aggressive bidding and over-leveraged balance sheet of developers, shortcomings in project preparation activities and land acquisition issues. To attract PPP participation in the road sector, Government introduced the Hybrid Annuity Model (HAM). It focused on proper allocation of risk among partners. Further, operational asset monetization model has gained prominence recently with the advent of the Toll-Operate-Transfer (TOT). Other asset monetization options like use of Infrastructure Investment Trusts (InvIT) and Securitization of toll revenue are also in various stages of implementation.

6.14. Major challenges faced by the roads sector

Despite Governments continues support by way of Finance and tweaking PPP models many challenges still persist for the sector

- **Land Acquisitions:** Post Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2003, many land owners demand for higher compensation and refuse to hand over possession of their land. With the Act coming into effect, cost of land has increased and in some case land cost is higher than the project cost.

- **Mismatch between project cashflows and debt repayment tenure:** Revenue from large infrastructure projects is spread over 20-30 years whereas the loan for the same project is for the period of 10-15 years. This results into cashflow mismatches in the initial years of operations till the project stabilizes and also overall tenure mismatch between project cashflows and debt repayment, thereby resulting in private players to fund cashflow mismatches from their own sources.

- **Projects Delays Impact on Financial Institutions:** As debt is on a rise due to push for road projects, many projects get stuck or get delayed, turning the loans into NPAs which leads to contraction in the lending capacity of the banks.

- **Financial Stress:** Due to failed BOT projects on account of lower than estimated traffic or delays in project completion due to approvals/ land acquisition, private players have come under financial stress due to significantly leveraged balance sheets in anticipation of high levels of project revenue growth. Due to slowdown in economic activity on account of COVID - 19, revenue realization has also been much lower than anticipated.

- **Highly stressed Loan portfolios:** With lower than anticipated revenues, the private players' debt servicing capacity has been impacted. To mitigate the risk of failure of company, restructuring of loan has been opted by the private players. Restructuring of loans for the first time does not impact asset classification but subsequent restructuring leads to NPA recognition in the books of financial institutions.

6.15. Outlook

Connectivity has always been the backbone of any economy as it not only reduces the overall cost of logistics but also reduces the overall cost of production. To achieve last mile connectivity, roads and highways pave the way as they are cost effective way of connectivity. Over the years budgetary allocation has been increased from ₹520 Billion in FY17 to ₹ 1,820 Billion in FY23 proving the Government's high focus on infrastructure sector. India has second largest road network in world with 6.37 Million kilometers of roads and highways of which 5% falls under Highways. For better connectivity and faster movement of goods, Government is expanding 2 lane highways to 4 lanes and 4 lanes to 6 lanes. Government has also identified border areas for better connectivity and have launched various projects. This sector has higher opportunities as the connectivity of ports and other key locations such as consumption centres, metros, Tier-2 cities and strategic importance is still under developed.

To achieve the complete connectivity, private player participation is must and to attract the investment of private players, Government has brought in several Public-Private Partnership (PPP) models which has attracted significant investment over the past decade. Of all the PPP models, HAM has proven to be successful. It has given favorable condition for the participation of private players. Government is looking forward to bring in more projects under HAM followed by EPC. Lower participation for private players has at some point hampered the overall development of roads and highway sector. Issues of delay in project completion, due to land unavailability has been dealt by NHAI's decision to allot project, post completion of 90% of land acquisition. Also, to ease the burden of debt and avoid NPAs in books of private players & banks, Government has allowed 100% FDI in the sector and also allowed asset monetisation for private players post construction is complete.

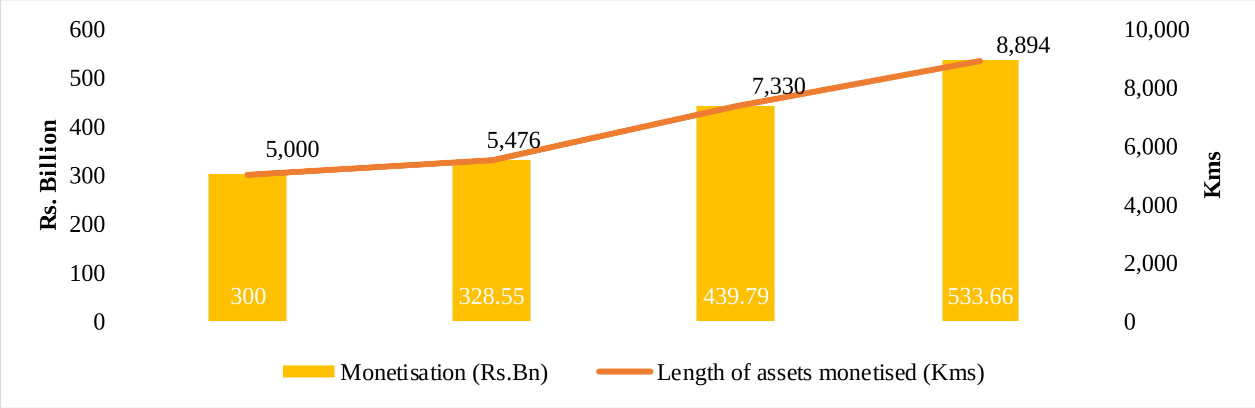
Further to set a clear view of development, Government has set up National Infrastructure Pipeline. Under the National Infrastructure Pipeline (NIP), 18% of the ₹111 Trillion investment targeted over FY20-FY25 is expected to be made in the roads sector. Majority of it is targeted towards improving road length and safety features. A total of 1,815 national highway projects spanning 87,612 kms and 5 expressway projects spanning 2,142 kms have been identified under the pipeline with a capital expenditure of ₹13,800 Billion over the fiscals 2020 to 2025. Delhi-Mumbai expressway and Chennai-Bengaluru Expressway have been identified as the marquee projects.

To finance the NIP, several innovative financial avenues would have to be looked at such as asset monetization, increased implementation of de-risked models such as Hybrid Annuity Model (HAM) and introduction of investment platforms such as Infrastructure Investment Trusts (InvITs) apart from monetization planned through the National Monetization Plan (NMP).

6.16. National Monetization Plan

The National Monetization Plan (NMP) announced by the Government has identified the road sector having the maximum potential at 1,602 Billion which constitutes 27% share in the overall NMP. Around 26,700 km of road assets are to be monetized under NMP which makes around 20% of the total asset length. The chart below shows the phasing planned under NMP.

Phasing Under NMP



Source: National Monetization Pipeline, Volume II

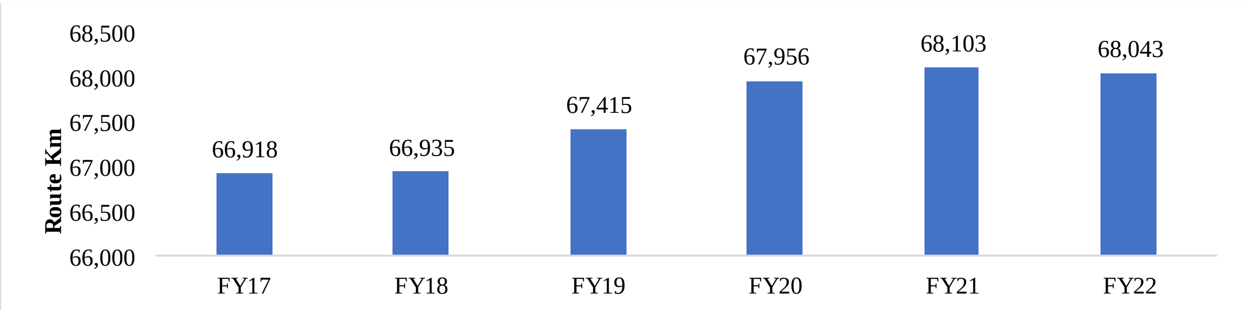
NHAI announced InvIT as a mode to monetize road projects under NMP. The InvIT will initially have a portfolio of five operating toll roads with an aggregate length of 390 kilometers. These roads are located across the states of Gujarat, Karnataka, Rajasthan, Maharashtra, Andhra Pradesh, Madhya Pradesh and Telangana. NHAI's first InvIT raised more than ₹50 Billion in November 2021 and second InvIT raised ₹15 Billion in October 2022. TOT projects covered under InvITs are Kota, Kothakota - Kurnool Project Highway, Chittorgarh Kota Project Highway, Maharashtra Belgaum Project Highway, Abu Road Swaroopganj Project Highway and Palanpur Abu Road Project Highway. InvITs are instruments like mutual funds, designed to pool money from investors and invest the amount in assets that will provide cash flow over a period of time. The Government plans to add more national highways to the InvIT portfolio as the long-term revenue generating assets such as toll roads provide stable and long-term yields under the InvIT structure. With InvIT coming into picture, burden on budget will be lowered as financing will be take care by InvIT. This will not only result in reducing debt of NHAI but also have access to additional funds for the new projects.

6.17. Railways

The Indian Railways is the largest rail network in the World and is a regulated body under GoI and is the backbone of the Indian economy. It is also the fourth largest national railway system in the world. It consists of a total track length of over 0.12 Million km with over 0.07 Million km route consisting of more than 7,000 stations. Indian railways run about 9,000 freight trains and 13,500 passenger trains carrying a total passenger count of over 24 Million passengers and more than 203 Million tonnes of freight. It is also the largest employer in India and contributes to about 1.5% of the GDP as it supports about 45% share of the modal freight of India. It is the driver of India's economic growth and is considered safe, viable and environment friendly mode of transport in India. The Railways operations can be divided into passenger and Freight segments. The Government has proposed a 70% Y-o-Y increase in budgetary allocation of ₹2,400 Billion to Railways in Budget FY24.

Owning to customer centric approach and business development units backed by strong policies, the Railways achieved 1,400 Million Tonne (Mn Tonnes) Freight loading mark for the first time in FY22.

Indian Railway Route Length



Source: Indian Rail Yearbook

Further, as on April 2022, across Indian Railways, 452 Railway projects (183 New Line, 42 Gauge Conversion and 227 Doubling) of total length 49,323 Km, costing approx. ₹7.33 lakh crore are in different stages of planning/sanction/execution, out of which 11,518 Km length have been commissioned and an expenditure of approx ₹2.35 lakh crore has been incurred upto March, 2022.

Capacity Expansion Plans and Investments in Railway sector

Being the third largest network in the world under single management and over 68,000 route kms, Indian Railways is known to provide safe, efficient, competitive transport system. On an average 1,835 new track km per year has been added via new-line and multi-tracking projects during the period of 2014 to 2021. Indian Railways is adopting new technology such as KAVACH, Vande Bharat trains and redevelopment of stations to have safe and better journey experience for the passengers.

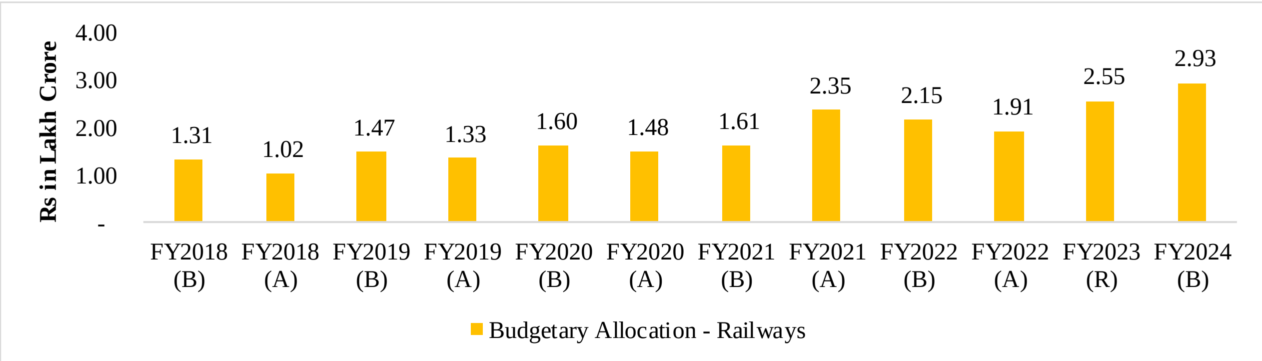
CAPEX has been increased substantially from an average of ₹459.80 Billion during 2009-2014 to ₹2,150.58 Billion during FY22. Indian Railways is also targeting for 100% electrification of its network by December 2023. In addition to the above, projects connecting difficult terrain such as Rishikesh - Karnaprayag line is also laid down to connect all capitals of north east states. Further, a number of infrastructure development initiatives are taken under the National Rail Plan (NRP) prepared by Indian Railways.

The National Rail Plan is the road map for capacity expansion of the railway network by 2030 to cater to growth up to 2050. It has been incorporated to take care of the demand and expectation of passengers and also increase the modal share of railways in freight to 40-45% from the present level of 26-27%. The target of 40-45% modal share for railways is necessary from the perspective of sustainability and also from the national commitments made globally for reducing emission levels.

Budgetary support

Railways is one of the key enablers for economic growth and an investment of USD 750 billion was proposed by the government in the Union Budget 2019-20 to improve the railway infrastructure over 2018 - 2030. The budgetary allocation to Indian Railways has been on a rise.

Budgetary Outlay towards Indian Railway



Source: Budget Documents. Note: B – Budgeted, A – Actual, R – Revised and Includes Internal and Extra Budgetary Resources (IEBR)

In the Union Budget 2023-24, the government has allocated ₹2.93 lakh crore towards railways which is the highest ever allocation and an increase of 15% over previous year's allocation. The allocation towards rolling stock has more than doubled Y-o-Y to ₹37,581 crore in the union budget 2023-24 from ₹15,158 crore (revised budget) in 2022-23.

Budgetary Outlay toward Railway Projects

Railway Projects	FY18 (A)	FY19 (A)	FY20 (A)	FY21 (A)	FY22 (A)	FY23 (R)	FY24 (B)
Doubling	1,290	610	678	379	3,000	24,093	30,749
New Lines (Construction)	8,952	5,648	9,871	1,058	16,246	24,914	31,850
Track Renewals	8,884	9,690	9,387	0	10,695	15,388	17,297
Gauge Conversion	2,555	2,590	3,313	117	1,803	3,220	4,600
Rolling Stock	1,514	4,572	3,963	839	6,815	15,158	37,581
Passenger Amenities	1,287	1,586	1,903	1,788	2,800	3,824	13,355
Road Safety Works	4,167	4,733	4,874	17	6,400	7,965	9,355
Signalling and Telecom	1,257	1,538	1,623	6	2,448	2,428	4,198
Leased assets - Payment of Capital Component	7,980	9,112	10,462	11,948	19,459	18,898	22,229
Investments & Others	28,867	42,328	46,580	30,523	68,065	61,768	92,117
Manufacturing Misc.	29,403	34,281	39,854	31,103	40,097	46,745	55,855

Source: Budget Documents. Note: B – Budgeted, A – Actual, R – Revised and Includes Internal and Extra Budgetary Resources (IEBR)

Regulatory Framework for Railways

The Ministry of Railways is the apex organization for Railways. Apart from its functions as the top Railway executive body for the administration, technical supervision and direction of the Railways, the Railway Board function, also, as a Ministry of the GoI exercises all the powers of Central Government in relation to the Railways.

PPP in Railways

For the faster & safe movement of passenger and increase stake in freight transport from 17% to 45%, Indian Railways has planned huge investment by 2030 which is estimated to be around ₹50,000 Billion will be capital investment required for network expansion and capacity augmentation, rolling stock induction and other modernization works to enable better delivery of passenger and freight services and to improve its modal share in transport. To bridge the gap in capital funding and to induct modern technologies and improve efficiencies, Indian Railways has planned to use Public Private Partnership (PPP) model for few initiatives.

PPP model was allowed in areas such as Suburban Corridors, Mass Rapid Transport System, High-Speed Trains, Dedicated Freight Lines, Rolling Stock, Train Sets, Locomotives, etc., Railway Electrification, Signalling Systems, Freight and Passengers Terminals, Industrial Parks.

The policy provides following five PPP models for implementation of various types of rail-connectivity and capacity augmentation projects:

- Non-Government Private Line Model
- Joint Venture (JV) model
- Build, Operate and Transfer (BOT) model
- Capacity augmentation with funding provided by customers
- Capacity augmentation through annuity model

As per the guidelines, three of these models (private line, JV and customer funded) involve participation of strategic investors/customers and two others (BOT and Annuity models) are pure PPP models.

Through the above five models, Railways aims to mobilise substantial investments through various Projects/Schemes like Port Connectivity Projects, Private Freight Terminals (PFT), Private Container Operations, Liberalised Wagon Investment Scheme (LWIS), Wagon Leasing Scheme (WLS), Automobile Freight Train Operator Scheme (AFTO), Special Freight Train Operator Scheme (SFTO), Redevelopment of Stations and Locomotive Manufacturing Unit.

Ministry of Railways (MoR) had invited applications for investment and induction of modern rakes over select routes through Public Private Partnership (PPP) to provide world class services to the passengers. Accordingly, MoR had issued 12 Requests for Qualification (RFQs) on July 1, 2020 for operation of passenger trains over approximately 109 origin-destination pairs (divided into 12 clusters) through PPP on Design, Build, Finance and Operate ("DBFO") basis.

In addition, the Government also announced a PPP model for station redevelopment. Under this move, 400 stations have been identified for redevelopment which envisages an investment opportunity of nearly ₹1,000 Billion. These development plans would improve participation of private players in the railway sector over the longer term.

Key growth drivers

Railways:

Rising passenger travel: The vast network of Railways is used by Millions of Indians to travel, whether local or leisure. Railways are well connected to travel for pilgrimage, business or vacations. In reserved passenger segment, the total approximate numbers of passengers booked during the period April 1, 2022 to December 31, 2022 is 0.6 Billion as compared to 0.6 Billion during the same period in 2021, showing an increase of 6%. The rising population is only leading towards increased passenger travel in future.

Push to Freight business: Indian railways play a major role in freight movement in the country. The railways are well connected and offer competitive pricing. According to a report by Ministry of Railways, following the Mantra, "Hungry For Cargo", Indian Railways has made continuous efforts to improve the ease of doing business as well as improve the service delivery at competitive prices which has resulted in new traffic coming to railways from both conventional and non-conventional commodity streams. The Indian Railways on a cumulative basis from April - December 22, achieved the freight loading of 1,109.38 MT as against 1,029.96 MT for the same period in 2021, an improvement of 8% over last year loading.

Use of digital technology: Automatic trains are being introduced with modern technology to make the travelling experience better and distance shorter. As per Ministry of Railways, in order to increase line capacity to run more trains on existing High-Density Routes of Indian Railways, Automatic Block Signalling (ABS) is a cost-effective solution. Indian Railways has been rolling out Automatic Block signalling on a mission mode. With implementation of Automatic Signalling, increase in capacity will accrue resulting in more train services becoming possible.

Electronic Interlocking are being adopted on a large scale to derive benefits of digital technologies in train operation and to enhance safety.

Initiatives to promote tourism: With introduction of new routes and special trains, the Government is also providing EMI options to the passengers. For the Ayodhya to Janakpur train – 'Bharat Gaurav Deluxe AC Tourist Train', the Railways is providing with an attractive as well as affordable package, IRCTC has tied up with Paytm and Razorpay payment gateways for providing EMI payment option for breaking the total payment in small amount EMIs. Users can avail the EMI payment option for making payment in 3, 6, 9, 12, 18 or 24-month EMIs. These EMI payment options can be made through Debit/Credit Cards.

6.18. Ports

Overview

The Indian shipping industry has benefitted due to a combination of growth in international trade and removal of trade barriers and restrictions. As per the Ministry of Shipping (Government of India), the Indian ports handle around 90% of EXIM cargo by volume and 70% by value.

Port traffic at 12 major ports remained flat in FY23. Movement of coal, cement and other goods (including salt) cargo saw a y-o-y growth in 14%, 10% and 17%, respectively. However, movement of ores and iron & steel cargo saw a y-o-y degrowth of 21% and 20%, respectively.

Movement in commodity-wise traffic at major ports ('000 tonnes)

Year	POL	Iron Ore	Iron & Steel	Fertilizers	Containers	Coal	Cement	Other Good (Incl. Salt)
FY18	2,26,675	41,052	10,909	7,377	1,33,633	1,20,768	2,888	80,645
FY19	2,32,350	34,068	10,340	8,171	1,45,451	1,25,578	2,889	86,553
FY20	2,37,164	48,453	9,644	8,948	1,46,912	1,14,905	3,142	78,766
FY21	2,06,764	64,282	11,483	10,105	1,43,773	97,394	2,797	72,082
FY22	2,22,089	51,289	11,520	6,897	1,66,946	1,23,573	2,695	76,037
FY23	2,15,128	40,561	9,242	6,963	1,54,739	1,40,625	2,970	88,665

Source: CMIE

POL – Petroleum, oil & lubricants (POL) account for a third of the total cargo handled at Indian ports and POL is the largest commodity transported through ports since most of India's requirements for crude oil are met through imports and India is a major exporter of petroleum products. POL traffic grew in the range of 2-8% from FY17 to FY20. It contracted by 13% during FY21, on account of a fall in India's imports of crude oil and exports of petroleum products because of the lower demand during the pandemic. FY22 witnessed recovery of POL traffic which grew by 7% over previous year owing to recovery of economic activities. However, POL traffic saw a degrowth of 3% y-o-y in FY23 on account of disturbance in trade due to the war between Russia and Ukraine. India is the third largest importer of crude oil after China and US and the imports are expected to remain significant in near term due to expected economic growth.

Containers – Containers are the second largest contributors to freight traffic after POL and account for close to a fourth of overall cargo traffic. This is on account of the efficiency and agility achieved through transport using containers. The container freight traffic grew steadily until FY21 with increase in trade but saw a dip in the pandemic. The cargo traffic was up by 14% in FY22 as compared to FY21. However, in FY23, container cargo traffic declined by 7% y-o-y due to disruption in global trade activities.

Coal – Coal is an important commodity transported through Indian ports. It is the third largest contributor to overall freight traffic. India is partly dependent on imports to meet its domestic requirements of coal and imports constitute for roughly a fourth of domestic coal consumption. The cargo traffic for coal grew by 27% y-o-y in FY22 & 14% in FY23 driven mainly by the import of thermal coal backed by higher demand from the power sector.

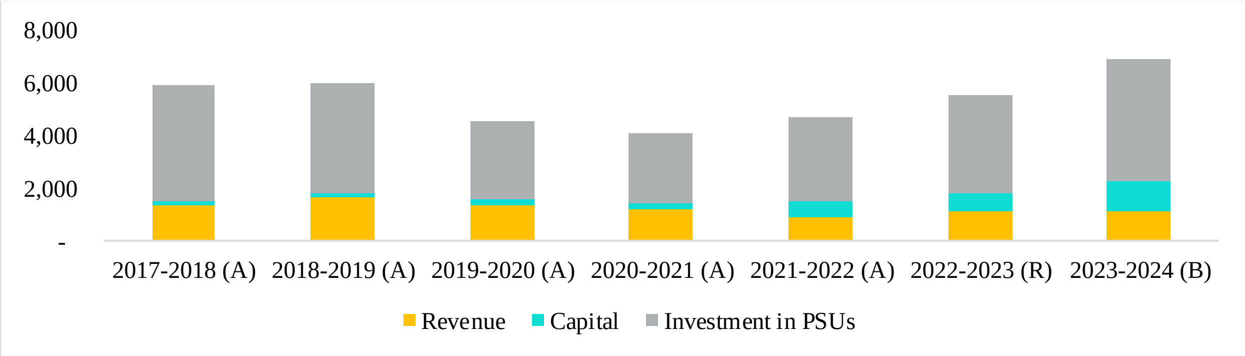
Iron ore – Iron ore cargo traffic grew robustly for two consecutive years from FY20 to FY21. The stellar growth in iron ore exports came on the back of higher demand for steel amid global supply disruptions, especially in Brazil and Australia, which resulted in a rise in international prices. This led to domestic production finding traction in Chinese markets. China alone accounted for more than 85% of iron ore exported by India during FY20 and FY21. India's iron ore exports to China grew by a robust 98% to USD 4 billion during FY21. In FY22, the export demand from China decreased substantially due to the slowdown in China, policy measures to reduce pollution by restricting steel production and slowing construction activities. As a result, the iron ore traffic reduced by 20% y-o-y in FY22. In May 2022, the Government raised the export duty on iron ore which impacted iron ore exports and led to 21% y-o-y decline iron ore traffic through ports in FY23.

Fertilizers – India is heavily dependent on imports for raw materials that are used in production of fertilizer. It also imports fertilizers and feedstock. Fertilizers volumes though ports grew by 13% in FY21, because of its linkage with agriculture which was termed as 'essential activity' during pandemic. The cargo traffic saw a decline of about 10% y-o-y in FY22, due to significant increase in prices of raw materials and chemicals used in the manufacturing of fertilizers. During FY23, there was a marginal increase of 1% in fertilizer traffic as compared to FY22.

6.19. Government policies

In Union Budget 2023-24, the government announced 100 transport infrastructure projects for end-to-end connectivity for ports, coal, steel and fertilizer sectors. Budgetary allocation of ₹6,858 crore was announced to ministry of ports, shipping and waterways as compared to ₹5,542 crore in the previous budget, implying a growth of 24% y-o-y basis.

Budgetary Support to Ministry of Ports, Shipping and Waterways



Source: Budgetary Documents
Note: B – Budgeted, A – Actual; Budgetary allocation includes investment in Public Enterprises

Further government has introduced multiple initiatives to drive growth in sector:

- The Draft Indian Ports Bill 2021, announced in July 2021, sought to centralise the administration of minor ports that are controlled by state governments.
- The Inland Vessels Bill 2021 was approved by the Lok Sabha in July 2021 which will help domestic cargo movement with the potentially lower rates. This bill seeks to create a single law for the country, rather than different laws crated by the states. Registration certificates issued for the vessels under the new law will be valid nationwide and will not require state government approval. The bill also envisages creation of a database to host information about ships and crews on a website.
- In July 2021, the Marine Aids to Navigation Bill 2021 was passed by the Parliament, incorporating global best practices, technological developments and India's international obligations in this field.
- The Finance Minister proposed to double the ship recycling capacity of approx. 4.5 million light displacement tonnes (LDT) by 2024 and it is expected to generate an additional ~1.5 lakh employment opportunities in India.

In February 2021, the Major Port Authorities Bill, 2020 was passed by the Parliament of India. The bill focuses on strengthening decision-making and effective management of major ports.

Sagarmala Programme: The maritime sector in India has been the backbone for the trade and has grown manifold over the years. With Sagarmala programme the Government aims to promote port led development in the country. The project will utilize the 7,517 km long coastline, 14,500 of potentially navigable waterways and key location on major international trade routes. The concept of the Sagarmala programme was approved by the Union Cabinet in the year 2015.

In Sagarmala programme, there are 802 projects worth ₹5.40 lakh crore for implementation by 2035. Of the total 802 projects, 220 projects worth ₹1.12 lakh crore have been completed and 231 projects worth ₹2.07 lakh crore are under implementation. Further, there are 351 projects worth ₹2.07 lakh crore that are various stages of development. The projects will be implemented by the relevant central ministries, state governments, major ports and other agencies through either private or the PPP mode.

All these projects that will be implemented by various agencies will be monitored through an MIS tool. The projects are bifurcated into 5 pillars: port modernization, port connectivity, port led industrialization, coastal community development and coastal shipping & inland water transport.

Under the overall development of the coastal districts, a total of 567 projects that cost approximately ₹58,000 crore have been identified.

Pillar	Completed		Under implementation		Under development		Grand total	
	#	TPC (₹ Cr.)	#	TPC (₹ Cr.)	#	TPC (₹ Cr.)	#	TPC (₹ Cr.)
Port Modernization	89	31214	63	64063	89	154383	241	249660
Port Connectivity	69	32005	67	76295	73	33926	209	142226
Port Led Industrilization	9	45865	21	72706	3	1275	33	119846
Coastal Community Development	20	1482	19	2577	43	7315	82	11375
Coastal Shipping and IWT	33	1705	61	5255	143	10275	237	17235
Grand total	**220**	**112271**	**231**	**220896**	**351**	**207174**	**802**	**540342**

Source – Ministry of Ports, Shipping & Waterways, CareEdge Research

Over the years, the Government has taken a number of mechanization, modernization and digital transformation measures to reduce cost and time in international trade and to improve the ease of doing business. The Government is focusing on expanding the port capacity and improving the efficiency of the ports, digitization of process to reduce human interfere and to address the environment related concerns.

Growth drivers

1. **Sagarmala Project:** The Sagarmala project is a government initiative aimed at developing port infrastructure and optimizing logistics to reduce costs and improve efficiency in maritime trade. This project focuses on creating new ports, enhancing connectivity between ports and industrial corridors, and improving the overall logistics ecosystem.

2. **Dedicated Freight Corridors (DFCs):** India is building dedicated freight corridors, such as the Eastern Dedicated Freight Corridor and Western Dedicated Freight Corridor, to improve the transportation of goods and reduce transit time. These corridors will help in seamless movement of freight, decongest existing rail networks, and bring down logistics costs.

3. **E-marketplaces and Single Window Clearance:** The government has introduced e-marketplaces like GeM (Government e-Marketplace) and initiatives like Single Window Clearance to streamline procurement processes, reduce bureaucratic hurdles, and facilitate ease of doing business. These platforms help businesses connect with buyers, streamline supply chains, and improve competitiveness.

4. **Export Promotion Initiatives:** Various export promotion schemes and initiatives have been implemented, such as the Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS), to provide incentives and support to exporters. These schemes aim to boost exports, enhance competitiveness, and diversify India's export basket.

By implementing these initiatives, India seeks to enhance its manufacturing capabilities, promote exports, and reduce logistical costs. These efforts are intended to make Indian products more competitive globally and attract foreign investments while fostering domestic production and economic growth.

According to Sagarmala Programme, it is expected that the cargo traffic of Indian ports will be about 2500 MMTPA by 2025 as compared to the current 1500 MMTPA. Factors like better rural connectivity, port advancements, growth in logistics industry in the country and lower turnaround time due to improved technology are expected to enhance the port traffic. Apart from this, demand for crude oil and containerization which will boost the port traffic, hence improving their revenues. There has also been increase in overall trade which is forecasted to grow only higher as the risk of pandemic has subdued and economies are recovering.

Government initiatives like 100% FDI under automatic route for ports and harbour construction and maintenance, Gati Sakti, Maritime India Vision 2030, Sagarmala Pariyojana etc. are also factors which will boost the port traffic and revenues. Under PM Gati Shakti, government had identified 101 projects worth ₹60,872 Crore in ports and shipping out of which 13 projects worth ₹4,423 Crore have been completed. There are 19 projects in the state of Gujarat worth ₹20,400 Crore and 13 projects each in Maharashtra and Andhra Pradesh worth ₹10,000 Crore and ₹5,900 Crore respectively.

7. INDUSTRIAL AND BUILDINGS

Government and Private Investments

The private sector holds the majority of investments as compared to investments made by Government in the past 1 years. The total number of investments made across all industries by Government and private sector stood at 1,049 and 1,506 respectively, in FY23.

During H1 FY24 (April 2023 – September 2023) the private sector investments decreased by 396 as compared to the corresponding period in H1 FY23 (April 2022 – September 2022). The private sector remained the largest holding among the overall investments, despite the decline in investments.

8. RESIDENTIAL REAL ESTATE INDUSTRY IN INDIA

8.1. Overview

The real estate industry is one of the most crucial and recognized sectors globally. The industry can be divided into four sub-segments, housing, commercial, retail, and hospitality. Of these, the residential segment contributes around 80% of the overall sector. The real estate industry's growth depends on advancements in the corporate environment and the subsequent demand for office space and urban & semi-urban accommodations. The construction industry is, therefore, one of the major sectors in terms of its direct, indirect, and induced impact on all sectors of the economy.

In India, the real estate industry is the second-largest employment generator after agriculture. Around three houses are built per 1,000 people per year as against the required construction rate of five houses per 1,000 individuals per year, according to industry estimates. This indicates that there is significant untapped potential for growth in the sector.

While the current shortage in housing in urban areas is estimated at around 100 lakh units, the shortage in affordable housing space is expected to be much higher considering the population belonging to that strata. Additionally, increased economic growth and the uptick in India's service sector have created additional demand for office space, which, in turn, is likely to result in greater demand for housing units in nearby vicinity.

India is in the top 10 price-appreciating housing markets worldwide. Therefore, it is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. The growing flow of funds through the FDI route in Indian real estate is encouraging increased transparency. Accordingly, developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards.

8.2. Key Trends in Residential Real Estate

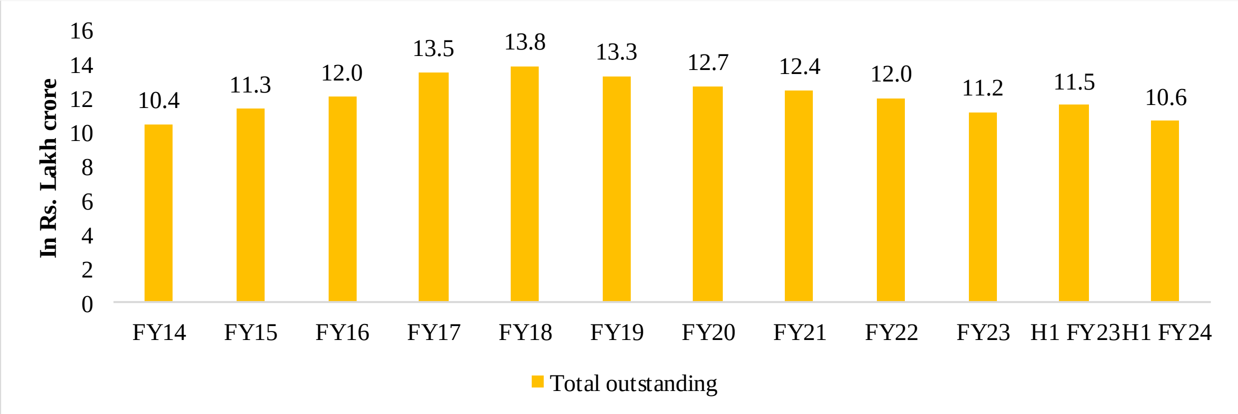
Investments in Residential Real Estate

The residential real estate segment was performing exceptionally well during the first half of the previous decade due to the thriving economy and the progressing services sector, facilitating migration to metros and propelling the demand for housing units in these areas. However, problems associated with elevated property prices, delayed launches by developers, and stalled projects resulted in apprehensions toward the sector. Besides, from the point of view of financing, the IL&FS crisis created problems in the NBFC sector, which is a pivotal source of funding for real estate. To add to this, the COVID-19 outbreak in early 2020 and the concomitant lockdowns across the country caused acute stress to the residential real estate segment during H1CY20.

Moreover, after the reopening of the economy, there has been a notable increase in demand for residential properties, primarily driven by end-users in the affordable housing segment. Foreign investments continued to flow into the sector, aided by the easing pandemic situation, resumption of travel, favourable policies such as tax benefits, and advantageous currency exchange rates, further contributing to increased investments from Non-Resident Indians (NRIs), particularly in the residential sector.

Trend in outstanding investments

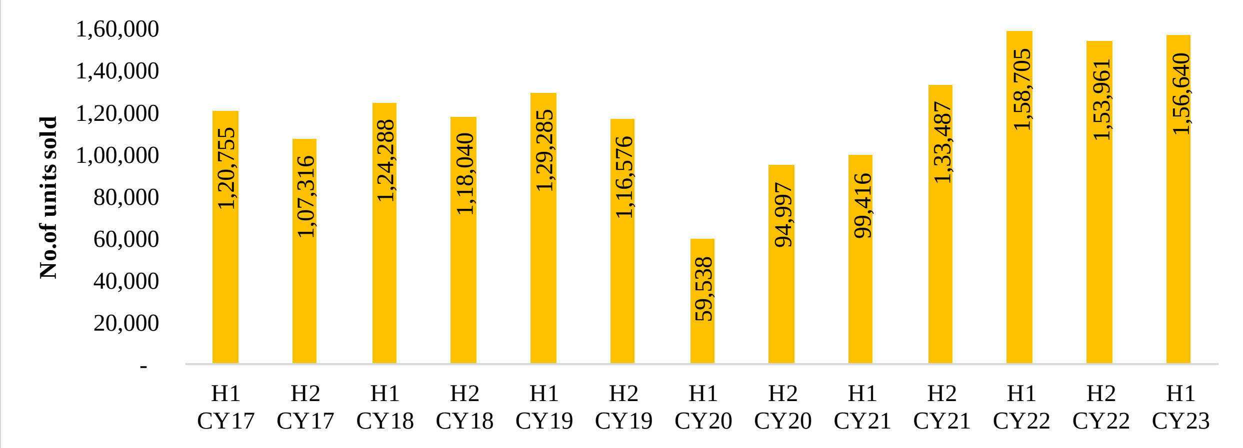
Outstanding investments in residential real estate



Source: CMIE & CareEdge Research

The chart above shows that outstanding investments across India rose for five consecutive years ending FY18. In the following year, the total outstanding investments dipped slightly and remained flat in FY20 and FY21. Investments fell slightly during FY22 as the economy and the real estate industry were recovering from the effects of COVID-19. However, the lockdown restrictions were eased in FY22. The investments have further declined in FY23 but are expected to grow in the coming years.

Trend in sales of residential real estate

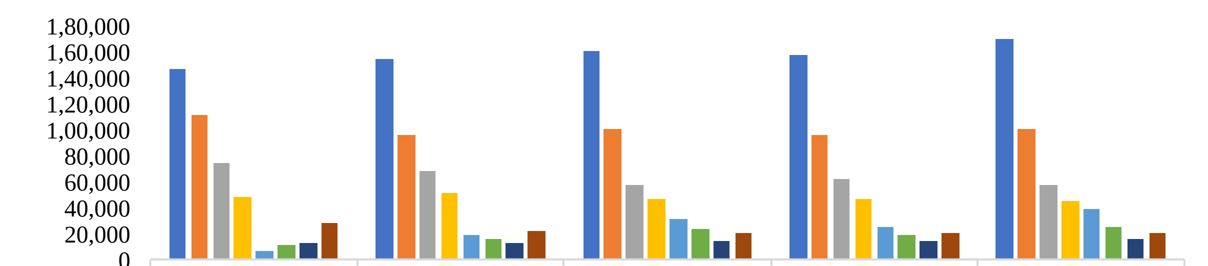


Source: Knight Frank & CareEdge Research

Furthermore, in the pre-pandemic period, the demand for residential real estate was on an upswing. This was indicated by sales of residential real estate units that remained elevated at over 100,000 units in each of the six-month periods prior to the pandemic. However, the demand for residential real estate dipped in the first half of CY20 on account of COVID-19. However, a resumption of normalcy and improved vaccinations enabled unit sales to increase gradually from H2 CY20 to H2 CY21. During H1 CY22, the sales in residential real estate increased significantly by 60% on a y-o-y and continued to remain in the range till H1 CY23.

Unsold inventory in residential real estate

Unsold units across top 8 Indian cities in residential real estate



	CY2020	CY2021	CY2022	H1CY2022	H1CY2023
Mumbai	1,46,916	1,53,950	1,59,832	1,57,834	1,69,577
NCR	1,10,674	96,186	1,00,959	95,811	1,00,583
Bengaluru	74,764	67,341	57,398	61,887	56,693
Pune	47,542	50,816	46,042	46,408	45,604
Hyderabad	7,180	18,598	31,400	25,262	38,896
Ahmedabad	10,494	16,231	22,977	18,419	24,926
Chennai	12,190	13,016	14,184	13,635	15,156
Kolkata	28,160	21,265	20,686	20,861	20,138

Mumbai NCR Bengaluru Pune Hyderabad Ahmedabad Chennai Kolkata

Source: Knight Frank & CareEdge Research

As new launches outpaced sales, the unsold inventory at various stages of construction in the markets across most of the cities has increased in FY23 except in Bengaluru, Pune, and Kolkata where the sales have exceeded the launches. Mumbai, Delhi NCR, and Bengaluru together account for nearly 80% of unsold inventory.

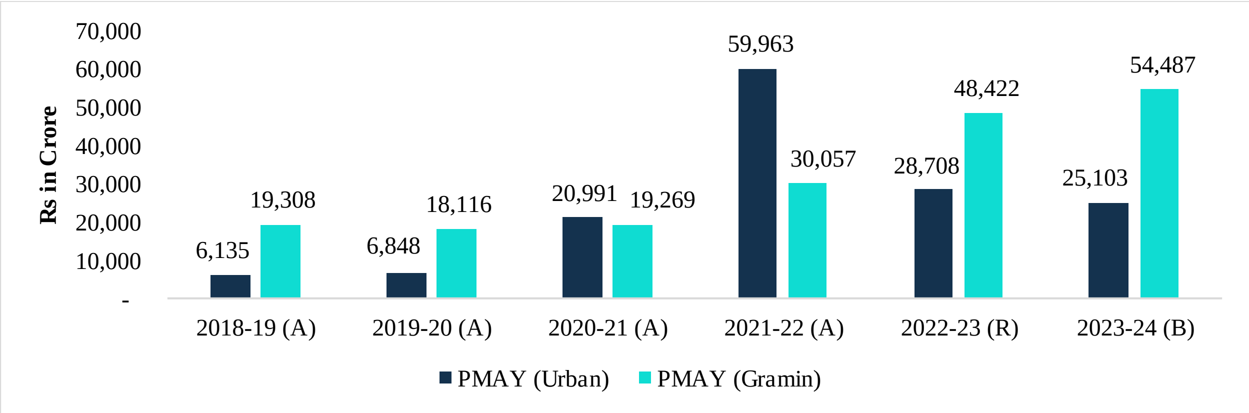
The unsold inventory count stood at around 4,71,573 housing units in H1CY23 as compared to 4,38,563 housing units in H1CY22. Mumbai remained the market with the maximum quantum as well as value of unsold inventory followed by NCR and Bengaluru.

8.3. Industry Outlook for Residential Real Estate

During FY23, the residential real estate market witnessed consistent growth, characterized by increased sales momentum and a healthy supply of properties, largely attributed to the absorption of past inventory levels. The overall housing market has been bolstered by the rise in commercial activities, the demand for upgraded infrastructure and living spaces, and an improved economic scenario. Additionally, the growing trend of urbanization and the subsequent rise in per capita income have contributed to increased demand for mid-segment housing projects.

Further, the government initiatives including the Pradhan Mantri Awas Yojna PMAY, the Urban Development Plan, and the digitization of land records, have played a pivotal role in stimulating growth within the sector. These measures have provided a conducive environment for the residential real estate market to thrive, catering to the evolving needs and aspirations of homebuyers across various segments.

Budgetary Allocation Under PMAY (Urban and Gramin)



Source: Budgetary Documents

Moreover, the increasing interest rates over the past year resulting from a series of hikes in the repo rate may potentially moderate the demand for housing in the near term. The cumulative increase of 250 basis points in the repo rate has led to a corresponding rise in home loan interest rates.

At the same time, the increase in interest rates could influence the affordability of housing loans and impact the purchasing power of prospective buyers, consequently dampening the demand for housing projects in the near term. However, given the persistent demand for housing and the upward trajectory of income levels, the long-term prospects for this segment remain promising.

9. COMMERCIAL REAL ESTATE INDUSTRY IN INDIA

9.1. Overview

The Indian real estate industry witnessed a slowdown in the years prior to COVID-19 due to the general slowdown in the economy. However, this had little impact on the demand for office space. The demand for office space grew by leaps and bounds for the better part of the past decade with the unavailability of good quality supply being the only impediment to higher growth. We estimate the demand for office space, particularly in metros, to have outpaced supply prior to 2020.

The office segment growth was aided by investors with a keen interest in the commercial space. Alongside, NRIs also started investing in this segment, given the lucrative returns. A comparison of investments in commercial with residential sectors shows that returns from commercial are higher than those from residential. For instance, an increasing number of private equity funds showed interest in the commercial office space in 2018 which was followed by the same in 2019.

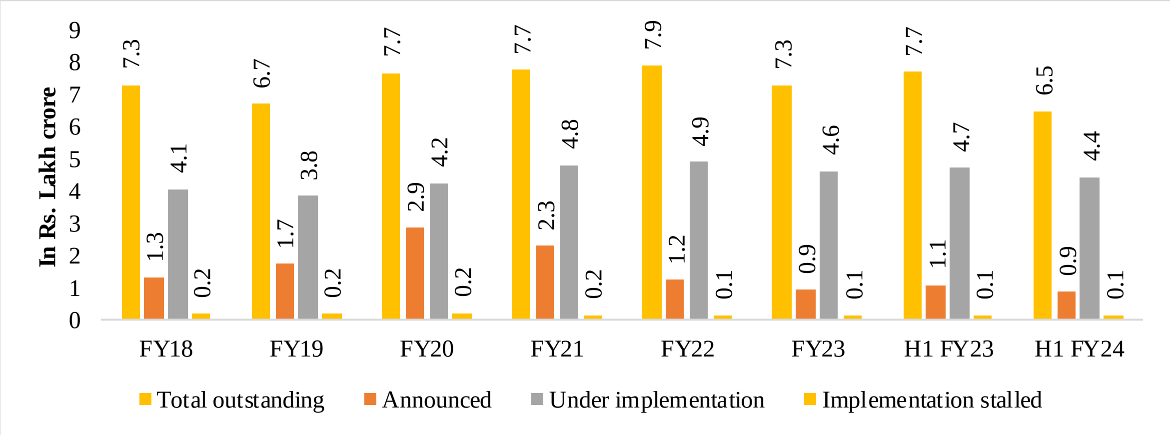
With residential real estate becoming end-user-driven, commercial real estate emerged as a more attractive investment proposition for individual investors and institutional funds. Due to the investment potential of commercial spaces, developers are also responding to the demand. A better performance of the office segment will eventually trickle to greater demand for the residential segment. As a result, the commercial space is crucial in terms of both, its impact and its linkages.

In India, commercial property gives the average rental yield of 8%-11%, while the rental yield from residential property is 1.5%-3%.

This segment, which includes industrial, retail, and warehousing, is thus projected to do well on account of a rapid growth of the warehousing segment and a gradual pick up in the office segment.

Investments in commercial Real Estate

Trend in Investments in Commercial real estate



Source: CMIE & CareEdge Research

The chart above shows that total outstanding investments across India dipped in FY19 after growing for three consecutive years. The value of announced projects increased for three straight years from FY18 to FY20. The value of new announcements peaked in FY20 following which it fell in FY21 due to COVID-19-related disruptions and uncertainty.

During FY22, the value of projects under implementation rose to a three-year high, while the value of stalled projects remained low. Whereas during FY23 and H1 FY24, the value of announced projects dipped, but the ticket size of projects under implementation was marginally lower than FY22 as demand stabilized.

9.2. Demand Drivers in Commercial Real Estate

- **INCREASING POPULATION TO RESULT IN INCREASED WORKFORCE**

  India is the second-largest populated country in the world and its rising population will result in more individuals joining the workforce. For instance, China's (most populated country in the world) population grew at a rate of 12% from 125 crore in 1999 to 140 crore in 2019 whereas India's population increased by 32% from 104 crore to 137 crore during the same period. A higher number of employees will create more demand for office space, and will therefore, be a key demand driver in the future.

- **Thriving E-Commerce: Key Driver for Warehousing**

  The e-commerce industry is likely to be the demand driver for the warehousing industry. Unlike most sectors, the e-commerce industry benefited from COVID-19. While the nationwide lockdown during the June 2020 quarter halted operations of online marketplaces selling non-essential products, the pandemic accelerated the shift to the online medium for shopping. Even consumers averse to using e-commerce websites to shop were forced to do so as retail stores remained shut and malls were not allowed to operate.

  The reliance on online marketplaces selling groceries and medicines also increased. In times of distress, discounts and offers offered by these companies made them more attractive to consumers. The shifting buying habits of consumers are unlikely to change after the pandemic, which will create the demand for more storage facilities for online marketplaces.

- **Demand from Tier-2 and Tier-3 Cities is Surging**

  E-commerce companies were already growing by leaps and bounds prior to the pandemic mainly due to increased penetration and demand from metros. As a result, most warehousing space occupied by these companies was near or in metros and tier 2 cities such as Mumbai, Delhi NCR, Bengaluru, Chennai, Ahmedabad, Kolkata, Hyderabad, and Pune.

  However, with the growing absorption of online retail in India, the demand from smaller towns and cities will be on an upswing. E-commerce companies will consider investing in warehousing space in these cities to ensure seamless last-mile deliveries.

- **Government Initiatives and a Manufacturing Shift from China to aid growth**

  In the industrial space, warehousing is expected to grow following the government's focus on the manufacturing sectors being self-reliant. The introduction of schemes such as the PLI will support the growth of the domestic manufacturing sector, which will consequently translate into higher storage space. Whereas demand for cold storage will also come in from the pharmaceutical industry, which will need warehousing space to store coronavirus vaccines.

In the coming years, demand will also come with the manufacturing shifting out of China. With many countries contemplating moving their manufacturing facilities from China to other countries, India could make an attractive destination due to the availability of labour and lower pricing. While advancement in warehousing will have to be developed, the shift of global giants out of China could work in the favour of the Indian warehousing industry.

- **Congestion at Ports and Food Grain Storage Capacities to support Demand**

  Besides food grains, warehousing plays an important role in the EXIM trade of any country. Container Freight Stations (CFS), where cargo belonging to exporters and importers are stored before being exported or imported, and Internal Container Depots (ICDs) have assumed greater relevance in the pandemic times. CFS and ICDs essentially help in de-congestion at ports. This is relevant because, with different countries re-opening at different times, the problem with container shortage and delayed turnaround at ports is getting accentuated. Additional warehousing facilities close to ports will ease constraints and help streamline transportation. CareEdge Research expects this segment to see an improved demand in the post-pandemic era.

- **Favourable Demographics - An Important Avenue for the Hospitality Sector**

  The estimated median age in India is 28.7 years in 2020. This is the lowest compared to the estimated median age in other leading economies in the world. For instance, it is 38.5 and 38.4 years in the USA and China respectively. The increasing size of the young population in the country has led to a fall in the dependency ratio (ratio of dependent people to working-age people, 15 to 64 years of age) and the ratio came down from 64% in FY2000 to 50% in FY19. This could lead to higher allocation for discretionary expenditure and promote growth in expenses on leisure and entertainment.

  Further, the share of people in the age group of 15-64 years, which is the high-consuming class, is estimated to be nearly 50%. These factors are expected to enable the growth in hospitality and food services, which will support the growth of warehousing. Moreover, the age group below 25 years is one of the highest spending age groups. So the current age dynamics are expected to boost the sales of the hospitality industry.

- **Demand for Cold Chain Logistics to increase due to pharma, packaged foods industries**

  Cold chain logistics is another key demand driver for the supply chain industry. The cold chain logistics system allows for the safe transport of temperature-sensitive goods and products along the supply chain. This branch of logistics depends on science and technology to maintain the balance between temperature and perishability.

  In the post-pandemic world where the safe transportation of vaccines and booster doses will remain crucial, cold chain logistics will propel the demand for efficient integrated supply chain management. Along with the pharma industry, another user of cold chain logistics is the grocery and meat products industries. With the advent of e-commerce and speciality companies offering varieties of meat and meat products in a time-sensitive manner, the reliance on cold chains, and consequently, on integrated supply chains will increase.

9.3. Industry Outlook for Commercial Real Estate

The real estate industry is expected to progress during 2023-24. Diversified buyer pools and increasing FDI investors are revamping the real estate sector back to pre-COVID levels. The vaccination drives, removal of restrictions, office resumptions, and increase in footfalls in retail spaces have led to the recovery of the commercial real estate sector.

Office Spaces -

Co-working spaces are where people from different unrelated backgrounds assemble in a space to work independently on different projects, or even in a group to work on the same project. It is the better option because the scalability options are easily accessible, which allows the expansion of the workspace without any significant effort. In addition, by renting these office spaces, businesses can access the shared space's basic utilities and other services for a monthly fee. These factors are leading to rising demand for co-working space. Further, the demand for office spaces will also be driven by the increase in hiring across various sectors like IT, E-commerce, etc., increased connectivity due to the augmentation of infrastructure, and overall economic growth in India. The government of India has taken multiple steps to improve the infrastructure and amenities in India like the National Industrial Corridor Development Programme. Moreover, initiatives like the establishment of the Real Estate Regulation Authority, clarification that FDI can be invested in under-construction projects, etc., are aimed at increasing transparency and domestic/foreign investments in the sector going forward.

Generally, leasing office space is a long-term contract and with major IT companies switching back to office mode, the demand for office spaces is expected to rise. Also, the hybrid mode has been adopted by many offices which require staff to attend the office a few days in month. This new mode has also created a separate demand for office spaces.

Real estate companies are also focusing on tier-II and tier-III cities since they are quickly urbanizing due to lower rental costs. The sophistication of commercial real estate is also rising as a result of the incorporation of new-age technologies including sensor-activated disinfectants, retina scanners for admission, digitized ventilation systems, and more.

Retail -

As the pandemic has subsided, people have gone back to daily routines which means a resumption of retail activities including mall and theatre visits, shopping, dining out, travelling, and outdoor activities. Many malls are coming up in tier-II and tier-III cities. Further, there has been an increase in discretionary spending which has led to retail sales growth beyond the pre-pandemic levels. Major spending is seen across supermarkets, hypermarkets, footwear, and departmental stores. Higher youth population and increased disposable income especially in urban cities have also led to an increase the footfall in malls.

The entertainment category, which includes theatres and experience centres, is also one of the key reasons for the increase in footfalls in malls. Factors like increasing disposable income, availability of a wide range of brands and food options, multiple entertainment avenues, high brand consciousness, convenience, social media marketing, availability of international brands, etc., are expected to drive the retail sector growth in future, which, in turn, will lead to increased absorption of retail space in India.

Warehousing -

The growth in the warehousing industry is expected to be healthy, driven by the thriving key end-user sectors such as e-commerce, manufacturing, FMCG, and pharmaceuticals. The increasing penetration of online retail across product categories and their expansion to tier-II and tier-II cities will also provide a fillip to warehousing demand in India.

Furthermore, the government has been supporting the warehouse and logistics industry development in a bid to bring down the logistics cost to the global average. For faster and more efficient movement of goods, the government has identified 35 locations for the development of Multi Modal Logistics Parks (MMLPs) on Public Private Partnership (PPP) model at an estimated investment of ₹50,000 Crore.

Following MMLPs have been awarded to date:

Awarded MMLPs

Sr. No	Location	Awarded to	Area (acre)	Investment (₹ Crore)
1	Chennai	Reliance Industries Limited	184.27	1,424
2	Indore	G R Infraprojects Limited	255.17	1,111

The Indian warehousing and logistics industry is a dynamic and fast-growing sector and is expected to play an increasingly important role in the Indian economy. The sector faces certain challenges like the cost and time taken for land acquisition and significant escalation in construction material cost in the past two years. However, despite the challenges, the sector is well-positioned for long-term growth. With the increasing adoption of technology and the push of governments toward the digital economy, there is a great potential for logistics companies to leverage data analytics, artificial intelligence, and machine learning to improve operational efficiency and customer experience.

10. MANUFACTURING PLANTS

10.1. Overview

India is one of the world's fastest-growing economies in the world. As of the quarter ended June 2023, the manufacturing sector in India accounts for nearly 18% of the total GVA of the industry. Some of the key industries with significant manufacturing plants in India include pharmaceuticals, automobiles, textiles, chemicals & petrochemicals, electronics, consumer goods, and capital goods.

Yearly Estimates of GVA at Basic Prices (2011-12) (₹ Crore)

Particulars	FY21	FY22	FY23	FY22 vs FY21 Y-o-Y (%)	FY23 vs FY22 Y-o-Y (%)
Manufacturing	23,25,438	25,82,473	26,17,059	11.1%	1.3%

Source: MoSPI

The manufacturing sector increased by 1.3% in FY23 as compared to its previous year FY22.

Quarterly Estimates of GVA at Basic Prices (2011-12) (₹ Crore)

Particulars	Q1 FY22	Q1 FY23	Q1 FY24	FY23 vs FY22 Y-o-Y (%)	FY24 vs FY23 Y-o-Y (%)
Manufacturing	6,00,990	6,37,520	6,67,770	6.1%	4.7%

Source: MoSPI

The manufacturing and construction sectors contributed significantly towards the industrial growth of 5.5% during Q1 FY24. Sub-industries under manufacturing such as pharma, rubber, plastic, non-metallic mineral products, metals, etc., recorded higher growth in production in Q1 FY24. This, in turn, supported the momentum in the manufacturing sector.

The manufacturing sector increased by 6.1% and 4.7% y-o-y during Q1 FY23 and Q1 FY24 respectively.

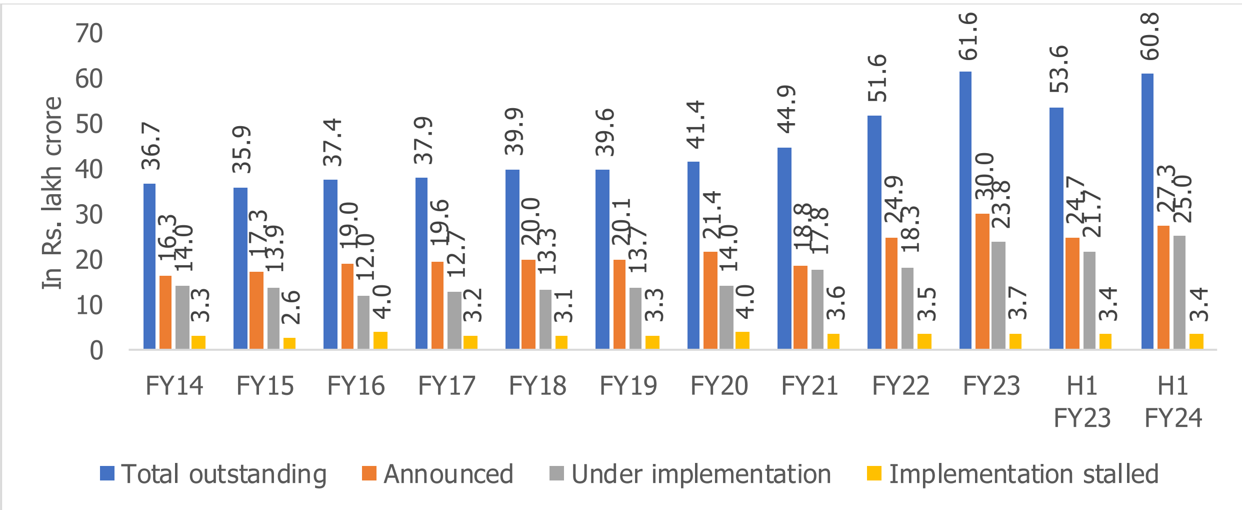
10.2. Investments in Manufacturing Sector

The total outstanding investments made in the projects undertaken in manufacturing sector grew with a CAGR of around 6% to ₹61.6 lakh crore in FY13 from ₹36.7 lakh crore in FY14.

During FY23, the value of total investments that have been announced totaled to ₹30 lakh crore, while those under implementation amounted to ₹23.8 lakh crore.

The value of outstanding investments during FY24 accounted to ₹60.8 lakh crore, an increase of 13.5% on a y-o-y.

Trend in Investments made in Manufacturing Sector over the past 10 years and during H1 FY24



Source: CMIE

10.3. Demand Drivers

Growing Population

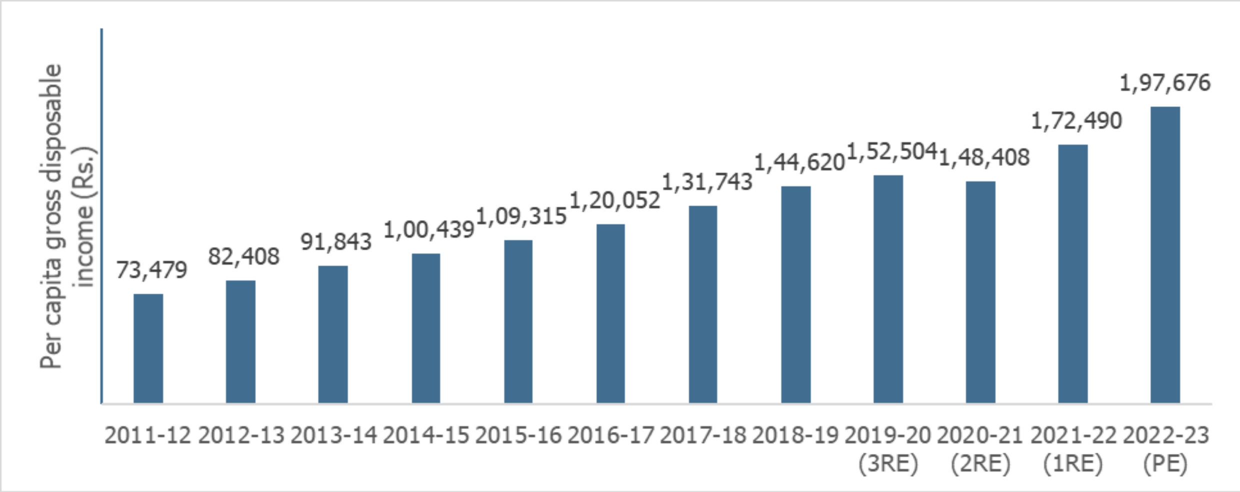
The Indian economy has experienced steady growth in the past decade and is expected to be one of the fastest-growing economies in the post-pandemic era. India's urban population is expected to reach over half a billion by 2025 from an estimated 461 million in 2018.

The increase in population leads to an increase in demand for various products, such as consumer goods, apparel, electronics, automobiles, etc. To meet the demand and supply requirements of consumers, the companies will expand their production capacities. As a result, there will be a rise in the number of manufacturing plants.

Increasing Purchasing Power

The need for manufacturing facilities to manufacture a variety of goods in order to meet the growing demand is fueled by the increasing disposable income. The rising disposable income, which has grown at a CAGR of 9.4% between the period FY12 to FY23, is expected to lead to an increase in demand for manufacturing plants in India. The purchasing power of the consumer increases when there is a rise in per capita income. As a result, it will lead to higher demand for goods and services.

Per Capita Gross National Disposable Income



Source: MOSPI
Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, 2AE – Second Advanced Estimate;

Increase in Urbanization

The demand for manufacturing is increasing, given the rapid urbanization in India. The shift of individuals from rural to urban is leading to higher demand for better infrastructure, housing, transportation, and consumer goods. This, in turn, is accelerating the need for manufacturing plants to meet these demands.

Development of Infrastructure

The continuous spending on infrastructure including roads, railways, ports, building construction, and smart cities by the government will aid the growth in infrastructure development. These projects involve the use of construction materials, machinery, equipment, and other supplies. As a result, the development in infrastructure will contribute towards the expansion of manufacturing sector.

Competitiveness among Global Players

India is growing as a global manufacturing hub due to its abundance of resources, raw material availability, cheap labour costs, and skilled workforce. This will attract global companies to set up their manufacturing plants in India. Consequently, it will raise the overall demand for manufacturing activities and lead to economic growth in the country.

Opportunities in Export Market

India is known for its export of textiles, automobiles, pharmaceuticals, electronics, oil meals, petroleum products, engineering equipment, etc. The overall exports (Merchandise and Services) from India totalled US $770.2 billion in FY23, an increase of 13.8% as compared to FY22. Out of which, merchandise exports amounted to US $447.5 billion, registering a growth rate of around 6% on a year-on-year. The opportunities in the export market will continue to aid the growth of manufacturing activities.

Policy Support from the Government

The government of India has taken various initiatives to promote domestic manufacturing and reduce the reliance on imports. This, in turn, will lead to the establishment of new manufacturing plants and help in expansion of the sector.

10.4. Recent Government Initiatives

Various initiatives have been taking by the Indian government to boost the manufacturing activities.

The Department for Promotion of Industry and Internal Trade (DPIIT) has undertaken various steps to promote manufacturing sector to boost domestic and foreign investments in India. Some of them include- introduction of Goods and Services Tax, reduction in Corporate tax, improving ease of doing business, FDI policy reforms, measures for reduction in compliance burden, policy measures to boost domestic manufacturing through public procurement orders and Phased Manufacturing Programme (PMP) and Quality Control Orders (QCOs)

Atmanirbhar packages, introduction of Production Linked Incentive (PLI) Scheme in various Ministries, investment opportunities under National Infrastructure Pipeline (NIP) and National Monetisation Pipeline (NMP), India Industrial Land Bank (IILB), Industrial Park Rating System (IPRS), soft launch of the National Single Window System (NSWS), etc. have been implemented by the GoI to improve the economic situation and convert the disruption caused by COVID

19 into an opportunity for growth. An institutional mechanism to fast-track investments has been put in place, in the form of Project Development Cells (PDCs) in all concerned Ministries/ Departments of Government of India.

Make in India Initiative: On September, 25, 2014, an initiative named 'Make in India' was launched to facilitate investment, foster innovation, build best in class infrastructure and make India a hub for manufacturing, design and innovation. Due to this Initiative, FDI equity inflow in the manufacturing sector between 2014-2022 has increased by 57% over the previous 8 years i.e. 2006- 2014.

Industrial Corridor Development Programme: The GoI has adopted the strategy of developing Industrial Corridors in partnership with State Governments to accelerate growth in manufacturing. The objective of this programme is to develop Greenfield Industrial regions/areas/nodes with sustainable infrastructure & make available Plug and Play Infrastructure at the plot level. As part of National Industrial Corridor Program, 11 Industrial Corridors are being developed in 4 phases.

Ease of Doing Business: The objective is to improve Ease of Doing Business and Ease of Living by simplifying, rationalizing, digitizing and decriminalizing Government to business and citizen Interfaces across Ministries/States/UTs. The key focus areas of the initiative are simplification of procedures, rationalization of legal provisions, digitization of government processes, and decriminalization of minor, technical or procedural defaults.

National Single Window System: The setting up of NSWS was announced in the Budget 2020-21 with the objective to provide "end to end" facilitation and support to investors, including pre-investment advisory, provide information related to land banks and facilitate clearances at Centre and State level. Envisioned as a one-stop shop for investor related approvals and services in the country, the National Single Window System (NSWS) was soft-launched on September 22, 2021 by Hon'ble Commerce & Industry Minister. Large number of States/UTs Single Window Systems have been linked with the NSWS Portal thereby providing access to approvals of these States/UTs to be applied through NSWS.

PM Gati Shakti National Master Plan (NMP): NMP, a GIS based platform with portals of various Ministries/Departments of Government, was launched in October, 2021. It is a transformative approach to facilitate data-based decisions related to integrated planning of multimodal infrastructure, thereby reducing logistics cost. Empowered Group of Secretaries (EGoS) and Network Planning Group (NPG) have been created as institutional arrangement.

National Logistics Policy (NLP): NLP was launched on September, 17 2022 and aims to lower the cost of logistics and lead it to par with other developed countries. It is a comprehensive effort to address cost inefficiency by laying down an overarching interdisciplinary, cross-sectoral, and multi-jurisdictional framework for developing entire logistics ecosystem. This is expected to boost economic growth, provide employment opportunities, and make Indian products more competitive in the global market.

Production Linked Incentive Scheme: Keeping in view India's vision of becoming 'Atmanirbhar', Production Linked Incentive (PLI) Schemes for 14 key sectors have been announced with an outlay of ₹1.97 lakh crore to enhance India's Manufacturing capabilities and Exports. These schemes have potential for creation of high production, economic growth, exports and significant employment in the coming years. As of August 9, 2023, 733 applications have been approved across the country in 14 sectors including Tamil Nadu.

Indian Footwear and Leather Development Programme (IFLDP): The Central Government has approved the Central Sector Scheme IFLDP in January, 2022 with an allocation of ₹1700 crore till March 31, 2026 or till further review, whichever is earlier.

North East Industrial and Investment Promotion Policy (NEIIPP), 2007: NEIIPP, 2007 was notified for a period of 10 years from April 1, 2007 to March 31, 2017 with the purpose to boost industrialization of the region. The registered eligible units continue to receive benefits under grand-parenting of scheme.

One District One Product (ODOP): The Government has launched another initiative in 2018 which aims at fostering balanced regional development across all districts of the country. The initiative aims to select, brand, and promote at least One Product from each District (One District - One Product) of the country for enabling holistic socioeconomic growth across all regions. The ODOP Initiative has identified a total of 1102 products from 761 districts across the country.

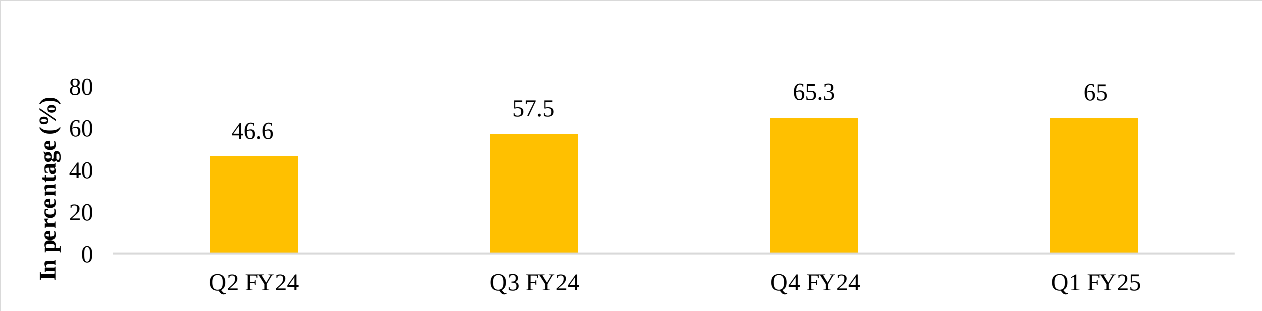
The policy support by the Government will contribute towards more investments in manufacturing plants and drives the demand in the sector.

10.5. Outlook

The manufacturing plants in India are spread across different states. They cater to the requirements of domestic demand and export market. Despite global headwinds and slowdowns, the manufacturing sector is witnessing significant growth and is contributing to the expansion of the industry.

Production in various manufacturing industries has increased on account of easing raw material costs and robust demand for the products. Whereas increased production and a fall in input costs (global commodity prices) are expected to improve the margins of the companies.

Capacity Utilization in Manufacturing Sector



Source: RBI

Moreover, the rebound in domestic consumption led by improved demand has also led to a rise in domestic capacity utilization. During Q2 FY24, the capacity utilization in the manufacturing sector stood at 46.6% and is expected to grow by around 39% to 65% by Q1 FY25, indicating a potential growth in the sector.

Furthermore, this expansion during FY24 and FY25 is expected to bring new investments to create additional capacities in the industries. Besides, the Indian government is making several efforts to improve the ease of doing business and promote the manufacturing sector, which will further facilitate more investments as a manufacturing hub and aid the sector's growth.

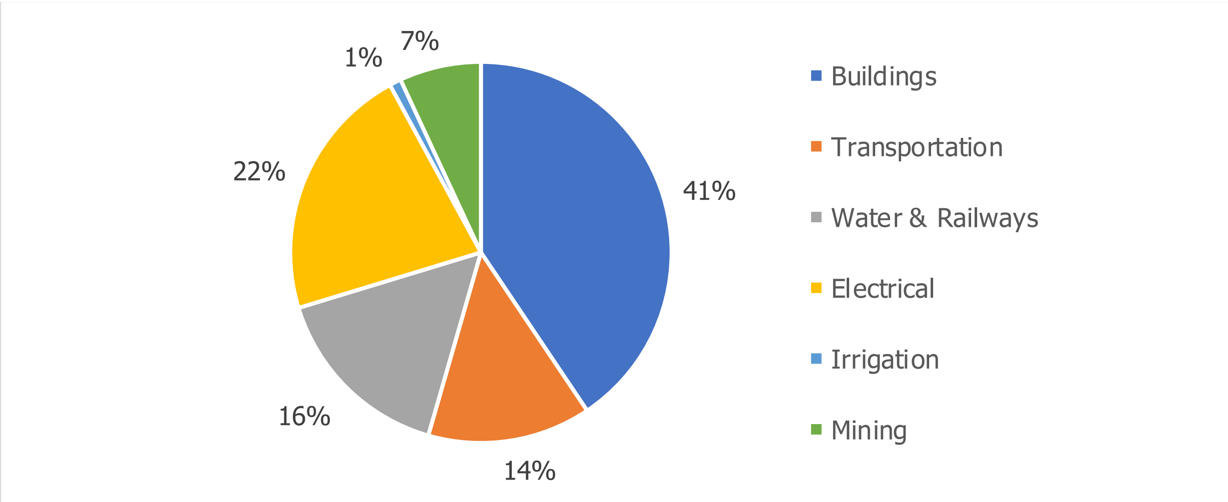
11. COMPETITOR ANALYSIS OF KEY LISTED PLAYERS

NCC Ltd

NCC is a Hyderabad-based leading construction company with an expanded presence across varied verticals of infrastructure space. It is engaged in the construction of roads, buildings, irrigation, water and environment, electrical, metals, mining, and railways. The company has a presence in the Middle East through its subsidiaries in Muscat and Dubai.

The consolidated order book is robust at ₹61,796 crore as of September 30, 2023. Key segments like Buildings, Transportation, Water & Railways, and Electrical form around 93% of the order book.

Order Book composition as on September 30, 2023:



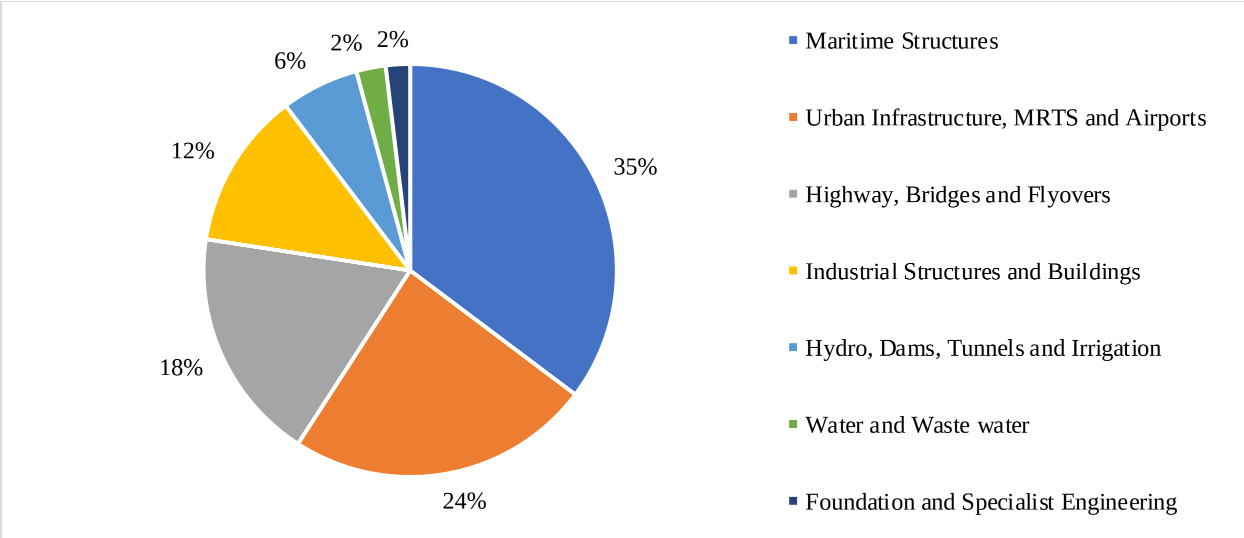
Source: Company Disclosures

ITD Cementation India Ltd

ITD Cementation is one of India's leading engineering procurement and construction (EPC) players in heavy civil and urban infrastructure and the maritime sector with a strong international parentage. The company has diversified its order book to minimize the risks of slowdowns in any business area.

The consolidated order book stands at ₹22,080 crore as of September 30, 2023. It comprises Urban Infrastructure, MRTS and Airports, Highways, Bridges and Flyovers, Maritime Structures and Industrial structures, and Buildings forming ~90% of the order book as of September 30, 2023.

Order Book composition as on September 30, 2023:

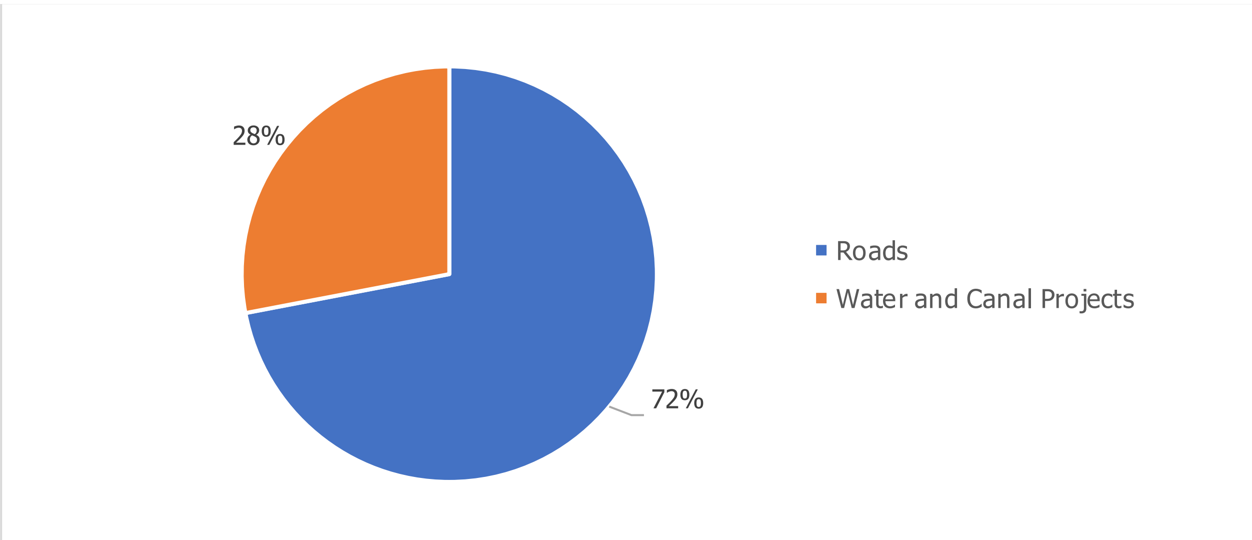


Source: Company Disclosures

PNC Infratech Limited

PNC Infratech Limited is an integrated infrastructure solutions provider with capabilities extending from investment to development, design, construction, operation & maintenance, and management of infrastructure projects with proven experience and expertise of three decades in airports, highways, expressways, bridges, flyovers, dedicated rail freight corridors, drinking water supply and related sectors, etc. The company has successfully executed more than 90 major infrastructure projects in various Indian states.

The company's order book as of September 30, 2023, including the new projects (four HAM projects worth ₹4,400 crores), was at ₹18,000 crores.



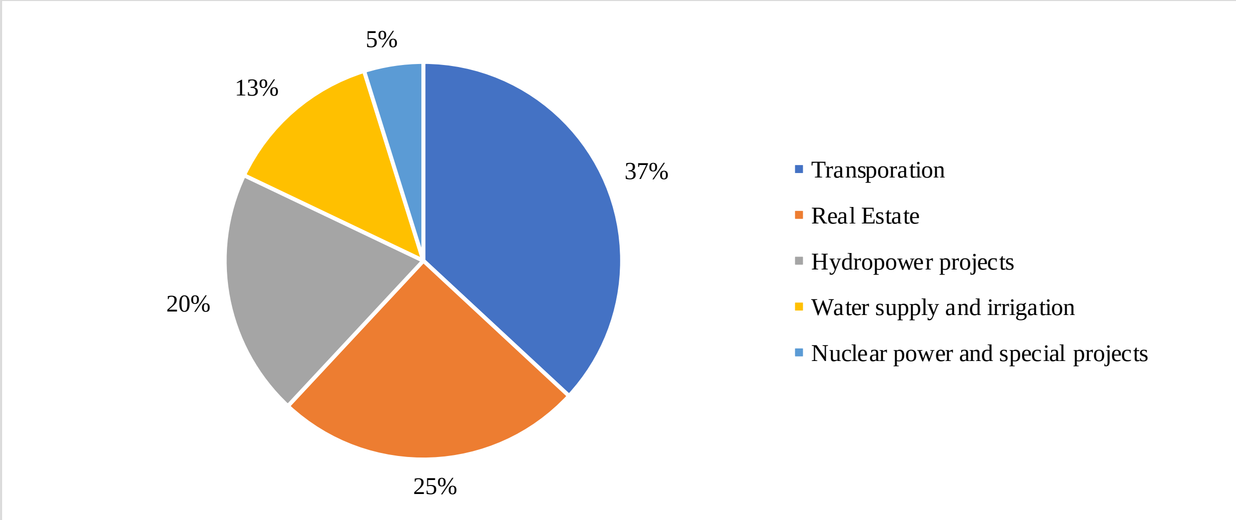
Source: Company Disclosures

Hindustan Construction Company Ltd.

The company is one of the oldest infrastructure development companies in India. The company's business operations primarily include three verticals, namely, (i) engineering and construction; (ii) infrastructure development operations and maintenance; and (iii) real estate. They have completed various projects related to Power (Hydro, Nuclear, Thermal), Transportation (Roads, Bridges, Metros, Ports), Water (Irrigation and Water Supply), and other Industrial projects. The company has a balanced portfolio having geographical spread across the country. The company was involved in various construction projects on nuclear power generation which accounted for about 60% of total nuclear power generation capacity in India.

The order backlog position of the company as of September 30, 2023 is around ₹16,466 crore (includes ₹4,123 crore order book of Steiner AG) and it is spread largely across the transport sector, followed by real estate, Hydro, Water and Nuclear & Special projects.

Order Book composition as on September 30, 2023:



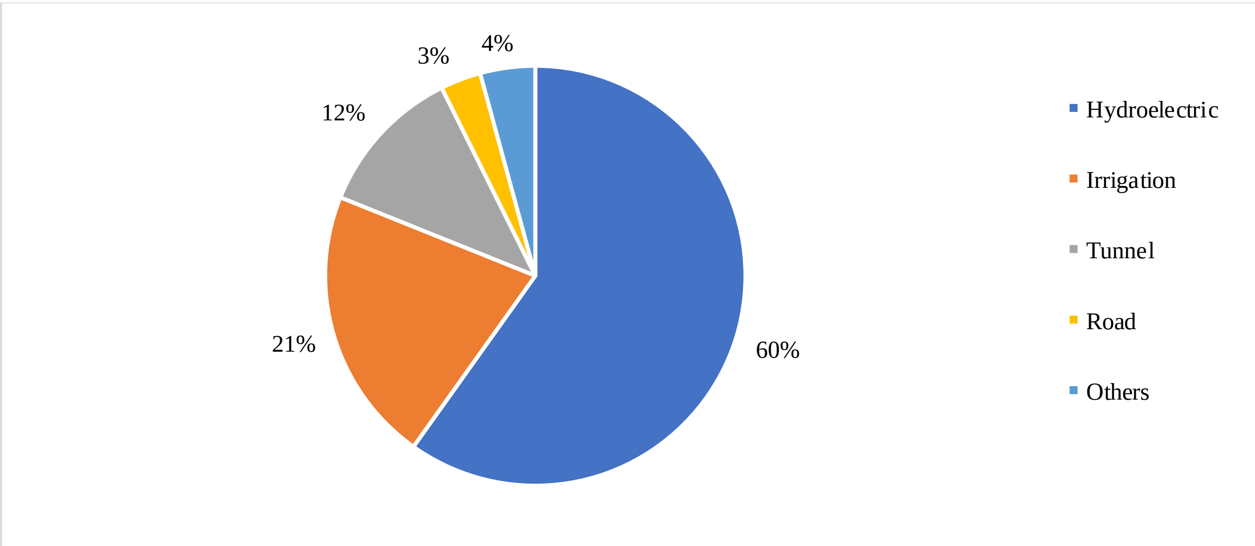
Source: Company Disclosures

Patel Engineering Ltd.

Patel Engineering Limited is one of the most integrated infrastructure and construction services conglomerates in India. It is a prominent player in the civil engineering construction segment and is engaged in the construction of damns, bridges, tunnels, roads, piling works, industrial structures, and other kinds of heavy civil engineering works. The company holds a robust presence in various high-margin technology-intensive areas like hydro, tunnelling, irrigation, water supply, urban infrastructure, and transport.

The company's order book stands at about ₹20,000 crore as of September 30, 2023 with Hydroelectric (59.85%), Irrigation (21.24%) and Tunnel (11.56%) comprising a major chunk.

Order Book composition as on September 30, 2023:



Source: Company Disclosures

Some of the information contained in the following section, including information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should also read "Risk Factors" and "Forward Looking Statements" beginning on pages 17 and 13, respectively, which discuss a number of factors and contingencies that could affect our business, financial condition and results of operations.

We have included certain operational and financial performance indicators in this Draft Letter of Offer, many of which may not have been derived from our Audited Consolidated Financial Statements or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Audited Consolidated Financial Statements and other information relating to our business and operations included in this Draft Letter of Offer.

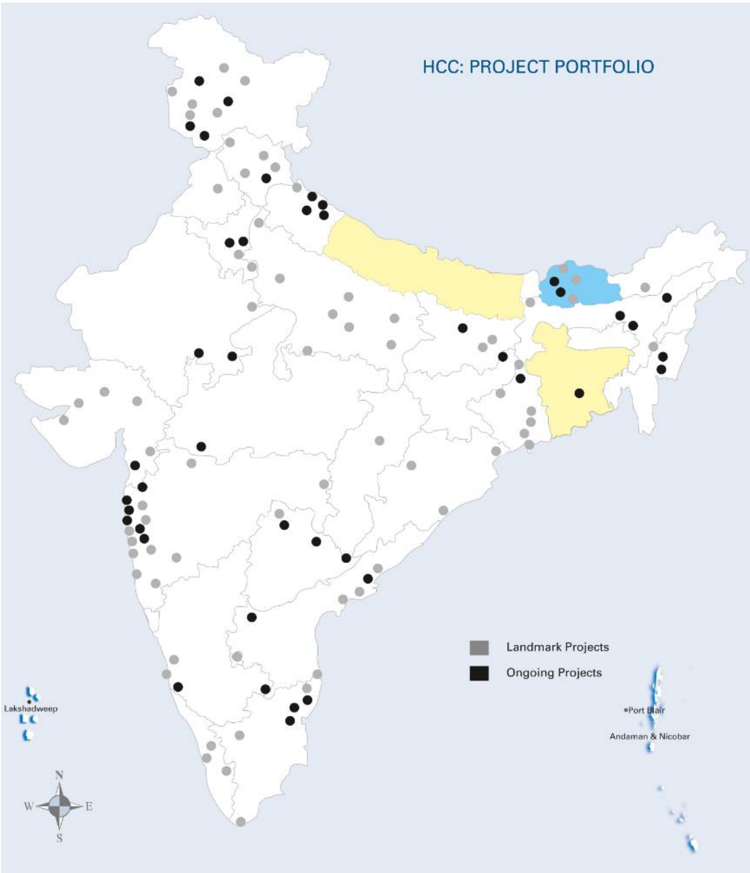
Unless otherwise indicated, industry and market data used in this section has been derived from the CARE Report.

Overview

We are one of the key engineering and construction companies in India, engaged in construction activities which include roads, bridges, ports, railway tunnels, metro projects, power stations, water supply and irrigation projects, and one of the oldest infrastructure development companies in India (*Source: CARE Report*). Over the last nine decades, we have transformed from a construction company into a global and diversified infrastructure group. We conduct our business operations primarily through three verticals, namely, (i) engineering and construction; (ii) infrastructure development; and (iii) real estate construction, as a single operating segment of engineering and construction. While the engineering and construction business is undertaken directly by our Company, the remaining business verticals are undertaken by our Subsidiaries.

We have executed numerous complex infrastructure projects in challenging geographical locations and environments, across India. Over the years we have built requisite pre-qualification skills and demonstrated execution capabilities required in the infrastructure development of the country having completed various projects ranging from high quality roads and railway tunnels in Jammu and Kashmir to nuclear power plants in Rajasthan in addition to various metro stations, hydropower projects, water solutions, buildings, dams and bridges.

The following is the geographical representation of some of our landmark projects and ongoing projects across India, as on the date of this Draft Letter of Offer.



We adhere to various quality standards such as ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 for quality, environmental and occupational health and safety management systems, which provides an assurance to our clients on the quality of the projects executed by us. We have adopted an integrated management system (“**IMS**”) with the above ISO certifications which facilitates our operational efficiency by integrating our organisation’s systems into one complete framework.

We have a robust clientele comprising various Central Government and State Government agencies such as the National Highway Authority of India (“**NHAI**”), National Hydroelectric Project Corporation (“**NHPC**”), IRCON International Limited (“**IRCON**”), Ministry of Road Transport and Highways (“**MoRTH**”), Tehri Hydro Development Corporation India Limited (“**THDCIL**”), Nuclear Power Corporation of India Limited (“**NPCIL**”), Government of Andhra Pradesh (Public Works Department) (“**GoAP-PWD**”) and Delhi Metro Rail Corporation Limited (“**DMRC**’). As of September 30, 2023, majority of our Order Book comprised projects undertaken with the Central Government, State Government or other government undertakings.

Details of our projects

As of September 30, 2023, we have a total order book of ₹12,344 crore on a standalone basis and an order book of ₹16,467 crore on a consolidated basis. As of September 30, 2023, the breakdown of our Order Book for engineering and construction vertical and the real estate construction vertical, is provided below:

Vertical	Amount of Order Book (in crore)	Percentage of Order Book
Hydropower projects	3,316	20.14%
Transportation	6,077	36.90%
Water supply and irrigation	2,157	13.10%
Nuclear power and special projects	794	4.82%
Real estate construction	4,123	25.04%
TOTAL	**16,467**	**100%**

In the last five financial years and till the six months ended September 30, 2023, we have completed 14 projects across the engineering and construction and infrastructure development verticals with a cumulative executed value of ₹6,360.99 crore.

In 2018, our Hon’ble Prime Minister, Mr. Narendra Modi inaugurated the Kishanganga hydroelectric project commissioned between us and NHPC in Jammu and Kashmir and the Bogibeel rail-cum-road bridge project commissioned between us and the Northeast Frontier Railway in the state of Assam. In the year 2019, our Hon’ble Defence Minister, Mr. Rajnath Singh inaugurated the new Aircraft Carrier Dry Dock at the Naval Dockyard, Mumbai, which was constructed by our Company and was the largest dry dock of the Indian Navy measuring a mammoth 281 meters in length, 45 meters in breadth and 17 meters in depth.

Engineering and Construction

Our Company primarily handles the engineering and construction vertical of our business (“**E&C**”). The E&C business provides services based on item-rated contracts and/or lump sum turnkey projects. Our focus is to enter into large-scale and complex construction projects across diverse sectors such as transportation, nuclear power and special projects, hydropower and water supply and irrigation. Working across diverse sectors has enabled and will enable us to undertake construction and development of varied projects including dams, tunnel, bridges, hydro, nuclear and thermal power plants, expressways and roads, marine works, water supply and irrigation systems and industrial buildings across India. For example, our strategic bidding of over ₹5,700 crore across various sectors in the Financial Year 2023, helped us secure a contract worth ₹3,681 crore during the Financial Year 2023 (along with one of our joint venture partners) for the construction of the Bandra-Kurla Complex station of the 508.17 km long Mumbai-Ahmedabad High-Speed Rail.

We boast a large and sophisticated fleet of complex and advanced construction equipment, which provides us with the industrial bandwidth to meet majority of the requirements of our ongoing projects. As of September 30, 2023, we maintained a fleet of 1,604 major construction equipment (such as 45 hydraulic drilling rigs, hot mix plants, 8 tunnel loading machines amongst others) worth ₹198.98 crore, that enabled us to undertake multiple projects simultaneously without having to compromise on the quality in any of the ongoing projects such as Vishnugad Pipalkoti hydropower project and Tehri pumped storage in Uttarakhand, Mumbai metro – Line 3 – UGC02, Nikachhu hydroelectric power plant in Bhutan, Bhabha Atomic Research Centre nuclear project in Tarapur, Maharashtra, Imphal road project in Manipur and FRFCF nuclear project in Tamil Nadu.

We have four primary verticals within the E&C business:

Transport – We have built around 4,036 kilometres of roads and over 395 bridges across the country and are also involved in construction of railway and metro rail projects. As of September 30, 2023, our Order Book of the transportation vertical was ₹6,077 crore. Some of our key completed projects, include the Bandra-Worli sea link in Mumbai, Maharashtra, Pir Panjal tunnel between Qazigund in the Kashmir valley and Banihal in the Jammu region, more than 100 kilometre four-lane road in Lucknow Muzaffarpur region and the rail-cum-road bridge at Bogibeel in Assam. Additionally, some of our key ongoing projects, include *inter alia* the Anji Khad cable stay railway bridge in Jammu and Kashmir, Mumbai metro – Line 3 – UGC02 in Maharashtra and T49 and T13 tunnels in Jammu and Kashmir and the coastal road project in Mumbai, Maharashtra.

Hydropower – Our Company is one of the leading companies in construction and execution of hydro power projects in India. Over the years, our Company has executed various challenging projects across India resulting into significant pre-qualification capabilities, which has enabled our Company to offer a wide gamut of services in the hydro power vertical. As of September 30, 2023, our Order Book in the hydropower vertical stood at ₹3,316 crore. Some of our key completed projects, include the Chutak and Nimoo Bazgo hydroelectric projects and the recently completed, Kishanganga hydropower project in Jammu and Kashmir, which has been one of the most challenging projects of our Company. Additionally, some of our key ongoing projects, include *inter alia*, the Punatsangchhu hydroelectric project in Bhutan, Vishnugad Pipalkoti hydropower project, Tehri pumped storage and Tapovan Vishnugad hydropower project projects in Uttarakhand.

Nuclear Power and special projects – Our Company is one of the leading companies in construction of nuclear power generation projects in India and has contributed to around 60% of India's nuclear power generation capacity (*Source: CARE Report*).Our Company specializes in pre-stressed containment structures for reactor buildings, breakwater structure and intake works for cooling systems and is also gearing up to provide integrated solutions in the nuclear power sector as well. As of September 30, 2023, our Order Book in the nuclear and special projects vertical was ₹794 crore. Some of our key completed projects, include the Kudankulam nuclear power plant in Tamil Nadu, Rajasthan atomic power plant – Unit 1 to 6 and the Kakrapara atomic power plant in Gujarat. Additionally, some of our key ongoing projects, include *inter alia* construction of nuclear reactors in the Rajasthan atomic power plant – Unit 7 and 8, construction of buildings and allied facilities in Tamil Nadu and integrated nuclear recycle plant of Bhabha Atomic Research Centre ("**BARC**") at Tarapur, Maharashtra.

Water supply and irrigation – We believe that we have the potential to efficiently execute water treatment plants, sewage treatment plants, pipelines, large lift irrigation projects and tunnelling contracts in the irrigation sector. As of September 30, 2023, the Order Book in the water supply and irrigation vertical was ₹2,157 crore. Some of our key completed projects, include *inter alia* the Farakka bridge in West Bengal, Saurashtra branch canal in Gujarat and Godavari lift irrigation scheme in Telangana. Additionally, some of our key ongoing projects, include the Bistan lift irrigation project in the Khargone region in Madhya Pradesh, Pranahita Chevella project in Telangana and Parwan gravity dam project in Rajasthan.

Infrastructure Development

HCC Infrastructure Company Limited ("**HICL**"), a wholly owned subsidiary of our Company, handles the investment and development of infrastructure projects. With its expertise in concept innovation, risk analytics, construction and operations, HICL undertakes various road projects through public private partnerships ("**PPP**") under the Build, Operate and Transfer Model ("**BOT**").

The following are some of the projects executed by HICL under the BOT Model:

Project	Name of Client/special purpose vehicle	Location
Baharampore Farakka Highway (NH34 – 101 km)	Baharampore Raiganj Highways Ltd.	West Bengal
Farakka- Raiganj Highway (NH34 – 102 km)	Farraka Raiganj Highways Ltd.	West Bengal
Badarpur Faridabad Elevated Expressway (NH2 – 4.4 km)	NHAI	Delhi
Dhule Palesnar Tollway (NH3 – 89 km)	Dhule Palesnar Tollway Ltd.	Maharashtra
Nirmal Annuity (NH7 – 30 km)	Nirmal BOT Ltd.	Andhra Pradesh

HICL undertakes its business and primarily operates through its subsidiaries, namely, HCC Operations and Maintenance Limited, Badapur Faridabad Tollway, Raiganj-Dalkhola Highways Limited and Narmada Bridge Tollway Limited. Few of our key completed projects include the Nirmal Annuity BOT Project (part of National Highway 7) in Andhra Pradesh, the Badarpur Faridabad Elevated Expressway (part of National Highway 2) in the Delhi NCR region and the Dhule Palesnar Tollway(part of National Highway 3) connecting Agra and Mumbai. We are also involved in the construction of the Baharampore Farakka Highway (part of National Highway 34) and Farakka-Raiganj Highway (part of National Highway 34) in West Bengal where we have sold our entire stake in these projects to Cube Highways and Infrastructure V Pte. Ltd. and Cube Highways and Infrastructure II Pte. Ltd., respectively. We are currently engaged as an EPC contractor by Baharampore Farakka Highway Limited (part of National Highway 34) to complete its construction.

Real Estate construction

Steiner AG, which operates out of Switzerland, is engaged in the development, execution and utilization of real estate and construction projects, the management, leasing and placement of real estate, the planning and execution of new and rebuilding, in particular, as total or general services contractor on account of third parties, in the field of project management as well as the consulting and assistance in development, environmental and financial matters.

Our Company strategized the acquisition of Steiner AG with an aim to leverage Steiner AG's experience and technological competency in the construction sector in Switzerland.

Our Competitive Strengths

We believe we have the following 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 and have an established track record in the construction industry spanning over nine decades. 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 and the associated projects. For instance, we are nearing completion of the Anji Khad bridge in Jammu and Kashmir which is India's first railway cable stay bridge. The bridge is a part of the Udhampur-Srinagar-Baramulla Railway line project in Jammu and Kashmir and connects Katra to Reasi. The bridge is an engineering marvel which crosses the deep gorges of Anji Khad, a tributary of river Chenab and faces very high-speed winds. The central pylon of the bridge is 193 meters tall and the total length of the bridge is 725 meters which includes a 473 meters long asymmetric cable stay bridge.

We also hold the record for the first successful TBM operation in the Himalayan region. In achieving such feats, we were able to successfully overcome several geological and engineering challenges. We believe we have significantly contributed to India's infrastructure and development by executing a large number of projects across diverse sectors such as transportation, nuclear power and special projects, hydropower and water supply and irrigation, where we have constructed roads and expressways, executed complex tunnelling projects in addition to constructing hundreds of bridges, dams and barrages.

Robust Order Book

An Order Book is considered as an indicator of future performance as it represents a portion of anticipated future revenue and comprises the balance value of work to be executed in respect of our existing contracts. We maintain our Order Book for our E&C business and for our real estate construction business.

As of September 30, 2023, we have a total order book of ₹12,344 crore on a standalone basis and an order book of ₹16,467 crore on a consolidated basis. Furthermore, as of September 30, 2023, majority of our Order Book comprised projects undertaken with the Central Government, State Government or other government undertakings and separately, 20.14% of our Order Book was attributable to our hydro power projects, 36.90% to our transportation projects, 13.10% to our water projects, 4.82% to our nuclear power and special projects and 25.04% to real estate construction.

Vertical	Amount of Order Book (in crore)	Percentage of Order Book
Hydropower projects	3,316	20.14%
Transportation	6,077	36.90%
Water supply and irrigation	2,157	13.10%
Nuclear power and special projects	794	4.82%
Real estate construction	4,123	25.04%
TOTAL	**16,467**	**100%**

Large fleet of equipment and robust systems and processes

We boast a large and sophisticated fleet of complex and advanced construction equipment. Given the peculiar nature of certain works we undertake in the nuclear and hydropower sector, we also own critical equipment required to execute such projects. Having access to a wide range of equipment facilitates us to meet the varied requirements of our clients and of our ongoing projects. It has also enabled us to develop strong refurbishment capabilities and in-house fabrication facilities. We believe that such access provides a critical competitive advantage and edge in our industry, particularly, for the execution of large-scale projects. As of September 30, 2023, we maintained a fleet of 1,604 major construction equipment (such as 45 hydraulic drilling rigs, hot mix plants, 8 tunnel loading machines amongst others) worth ₹198.98 crore, that enabled us to undertake multiple projects simultaneously without having to compromise on the quality in any of the projects.

We have also put in place robust systems and processes and have an elaborate process for identification of prospective projects at an early stage through regular engagement with employers. We have implemented enterprise-resource planning modules for, finance and accounts, project monitoring and controls that enables us to be data driven in our decision making. We have built capable teams for bid management, costs estimation, technical diligence, project management and execution.

Well-known brand name and long-standing client relationships

We believe our brand and reputation are amongst our most important assets. The "HCC" brand is recognisable in India due to our long-established presence in the Indian market and the fine repute we enjoy in the construction industry. By maintaining high standards of quality in all works and projects with our clients over time, we believe that we have built a good reputation for consistency and reliability in the market.

By virtue of our established track record and strong execution capabilities, we enjoy long standing relationships with our clients. Over the years, we have been able to build a robust clientele with private and government clients such as NHAI, NHPC, IRCON, MoRTH, THDCIL, NPCIL, GoAP-PWD and DMRC amongst other clients.

We continue to build new relationships with different undertakings of the Central Government and attempt at leveraging our credentials to ensure participation in strategic opportunities in India and abroad. In addition to taking up projects in the transportation, nuclear power and special projects, hydropower and water supply and irrigation sectors which form the golden quadrilateral of our expertise, we are also exploring to tap into emerging sectors such as offshore wind energy and new renewable energy.

Highly experienced management team

We have a highly qualified, experienced, and dedicated management team led by our Promoters and a skilled workforce to support the management. Ajit Gulabchand, one of our Promoters and the Chairman and Non-Executive Director of our Company, has been the Chairman and Managing director of our Company for the last four decades till 2023. He has also served as the Chief Executive Officer of Indian Hume Pipe Co. and has acted as the Managing Director of Ravalgaon Sugar Farm. He has been playing a crucial role in transforming our Company from a construction major into a global and diversified infrastructure group.

Arjun Dhawan is the Executive Vice Chairman of our Company. He serves on the board of directors of our Company and our Subsidiaries, namely HICL and Steiner AG. He manages the operations of these companies, which have a knowledge asset of more than 1,700 officers, including 1,100 engineers in addition to 13,000 workers across project sites. He has previously served as the CEO of our Group and the President and CEO of HICL.

As of September 30, 2023, we had around 1,157 employees on our payroll. Our senior management team is highly capable of managing the execution of various EPC projects that we undertake and also help in building long standing relationships with clients. Additionally, we enter into contracts with sub-contractors to engage workmen on a contract labour basis from time to time. Basis the demands of our workstreams, we deploy skilled and unskilled workmen from piece-rate workers and sub-contractors. On an average, we deploy around 9,500 workers on a monthly basis, ranging from fitters and carpenters to bar benders, foremen and plumbers. We ensure that our pool of workers comprise engineering and technical skills which are essential for the efficient and effective execution of our projects.

Improving track record of financial performance

Our Company has achieved profitability in its operations in India. Further, our revenue from operations in India from Fiscal 2022 to Fiscal 2023 has grown at a YoY rate of 16.02% from ₹4,720.72 crore to ₹5,477.17 crore. Such improving track record in our financial performance reflects significant growth of the business of our Company.

We believe that we have been able to maintain our growth, due to our efficient project execution and our prudent bidding strategy. We strive to maintain a robust financial position with emphasis on having a strong balance sheet, robust internal systems and efficient execution capabilities. Our financial strength enables us to access bank guarantees and letters of credit at reasonable terms.

Strategic partnerships

The ability to partner with major international companies offers a significant advantage in winning and executing large construction projects in India, and in some instances also aids us 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, which may be unique to their jurisdiction and helps reduce the risks associated with large projects. We have selectively formed joint ventures with renowned international EPC companies to bid for projects sharing domain expertise and qualification criteria. Few of our key completed projects with such joint venture partners include *inter alia* DMRC Contract CC 34 and Bogibeel rail-cum-road bridge. Few of our key ongoing projects with such joint venture partners include *inter alia* coastal road project in Mumbai, Maharashtra and Tehri pumped storage in Uttarakhand.

Our business strategies

Focus on high value and complex projects

We aim to continue to bid selectively for EPC projects and other large value technically complex projects, including projects in transportation, nuclear power and special projects, hydropower and water supply and irrigation sectors such as mass transit systems and bridges and roads with higher threshold limits. We intend to continue to pursue such projects due to the better margins involved and their relatively steady and long-term nature, which provides us with greater stability and visibility of work requirements and revenues. In addition, such large and complex projects are often high profile and provide us with the needed exposure to potential clients, thereby allowing us to distinguish ourselves from other EPC companies. Our strategy is to place the focus on consolidation of the Order Book in exiting geographical locations and emphasise high value jobs in less competitive spaces of urban infrastructure and hydropower.

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

In addition to our traditional EPC projects which we undertake for our clients, and which we handover to the clients once they are complete, we have also increasingly undertaken and look to increasingly undertake projects which we operate even upon completion, such as BOT contracts and real estate construction projects. Such projects are advantageous to us because they provide us with regular stream of revenue even after the completion of construction. In the recent past, we have also extracted value through the monetization process in which we have divested our stake in BOT contracts and monetized some of the awards and claims. The proceeds from such monetization have been utilized towards our operations by way of reinvestments and reduced our indebtedness helping us maintain a healthy debt-equity ratio.

We are also exploring monetization of receivables under other existing claims and awards under the Central Government's scheme of '*Vivad se Vishwas II'* which is a voluntary settlement scheme to resolve long-standing contractual disputes involving government agencies, specifically for disputes where the arbitral award is under challenge in a court of law.

Additionally, we have also initiated the process of divestment of the general construction business in order to consolidate and strengthen the real estate construction business of Steiner AG. Steiner AG has entered into a share purchase agreement dated December 4, 2023 ("**Share Purchase Agreement**") for divestment of its 100% shareholding in Steiner Construction SA, which is expected to be completed in Financial Year 2024, subject to necessary approvals and conditions as contemplated in the Share Purchase Agreement. Upon the completion of the sale contemplated in Share Purchase Agreement, Steiner Construction SA will cease to be a subsidiary of Steiner AG.

Improving the settlement of claims with our customers/lenders

We have increased our efforts to settle claims with our customers by setting up a senior management team to recover outstanding claims. In the Financial Year 2021, we had initiated conciliation talks with NHAI to generate liquidity in the face of prolonged arbitrations between our Company and NHAI and the costs associated with such arbitrations. We successfully completed conciliation with respect to 5 claims between NHAI and HCC Concessions Limited, an erstwhile subsidiary of our Company, and one conciliation between NHAI and our Company, and recovering a sum aggregating to ₹1,849 crore. The Company has also initiated similar processes in the Financial Year 2023 and Financial Year 2022, with its clients in the power sector, including NTPC and THDCIL. These claims involving two claims with THDCIL and one claim with NTPC are being settled through an Independent Engineer appointed under Dispute Avoidance Mechanism provision.

Additionally, in the year 2012, our Company had restructured its debt under the Corporate Debt Restructuring mechanism and had subsequently entered into multiple agreements with its various lenders to renew and restructure its existing facilities. Our Company came up with a resolution plan dated June 18, 2021 ("**Resolution Plan**") in accordance with the RBI (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019, to revise the terms of its existing facilities and address the asset-liability timing mismatch on account of delayed realization of its arbitration awards and claims.

The Resolution Plan, duly supported by 23 banks and financial institutions, reduced a significant portion of our Company's debt along with commensurate assets from its balance sheet while also providing a resolution to the guarantee obligations of our Company with respect to the debt availed by Lavasa Corporation Limited, an erstwhile subsidiary of our Company. The Resolution Plan gave us the freedom to focus on building our business with renewed confidence, by addressing a fundamental issue concerning delayed arbitration payments. Through the Resolution Plan, as of September 30, 2023, our Company was able to transfer lenders' liability aggregating to ₹2,854.40 crore along with beneficial economic interest in arbitration awards and claims aggregating to ₹6,508.44 crore with a carrying value of ₹2,894.11 crore as consideration to Prolific Resolution Private Limited, an erstwhile subsidiary of our Company. Pursuant to such transfer, the debt in the books of our Company stood reduced to ₹3,575 crore, along with a significant reduction in the then outstanding interest to around ₹400 crore from around ₹950 crore. Additionally, our Company was also able to use the returned bank guarantees for new projects to generate additional operating cashflows.

Minimising Credit Risk

One of the key criteria for selection of projects basis the bids received, is the availability of sanctioned funds with the bidder. This is to ensure that the projects are either funded by multilateral funding agencies or by Central Government or State Government. The projects funded by multilateral funding agencies generally have equitable contract conditions and efficient payment terms which ensure that there is stable cash flow throughout the duration of the project. Additionally, these projects are well monitored as well to ensure timely completion.

We are engaged in various projects funded by multilateral funding agencies such as that Bandra-Kurla Complex station of the 508.17 km long Mumbai-Ahmedabad High-Speed Rail and Mumbai metro – Line 3 – UGC02, which are projects funded by Japan International Cooperation Agency and the Imphal road project in Manipur which is funded by Asian Development Bank.

Further, to ensure we are at minimum risk of default, we consider various factors such as *inter alia* the terms of payment, reputation of the client and availability of guaranteed funding, before bidding for new projects.

Using our advanced technological prowess to improve efficiency

We continuously strive to use advanced technology which is environment friendly and increases our speed of construction. One such technology is the monopile foundation which is being used in our coastal road projects and for the first time in India. Monopile foundation utilizes a single, generally large diameter, foundation structural element to support the loads used in the bridges. As compared to group pile foundation, which requires driving of multiple piles in the strata, monopiles save substantial time in construction of foundations and are environment friendly.

We also have experience in mechanised tunnelling through TBM, which we have used in our infrastructure projects as well as hydropower projects. As compared to the conventional method of tunnelling which requires blasting to dig tunnels, using TBMs produces faster tunnelling rates and are suitable for use in urban areas as it does not require blasting.

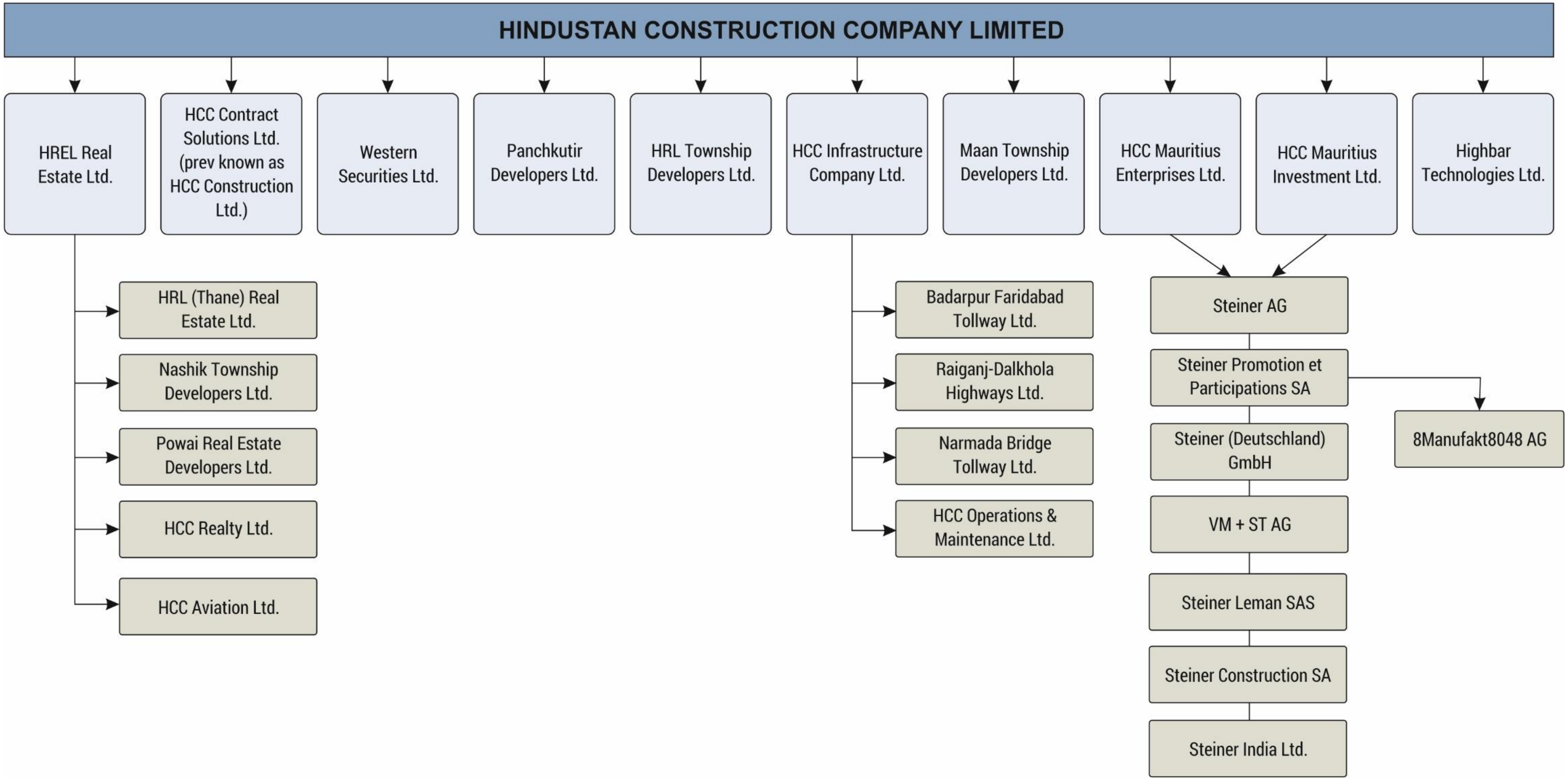
Further, we also resort to using advanced technology in construction and erection of pre-fabricated structures. Using this technology, we fabricate and assemble structural elements away from the site of construction and then transport the same to the site of construction and erect it there with pinpoint accuracy. This method is environment friendly and ensures superior quality control, increases our speed of construction and reduces the potential hazards to health and safety of our workers

Consolidating and strengthening our position in the EPC industry

We aim to leverage our experience across our nine decades of operations to improve our market share. We believe we have gained strong credentials in certain focus sectors such as hydropower, transportation, water supply and nuclear power. We plan to continue bidding for projects in these focus sectors and use our credentials to strengthen and consolidate our position in the EPC industry.

Our Group Structure

The following chart sets forth the structure of our Group:



Our Projects

We have executed numerous complex infrastructure projects in challenging geographical locations and environments, across India. We believe that we have the requisite pre-qualification skills and execution capabilities required in the infrastructure development of the country having completed various projects ranging from high quality roads in Jammu and Kashmir to nuclear power plants in Rajasthan in addition to various metro stations, hydropower projects, water solutions, buildings, dams and bridges.

Some of our key completed projects based on our executed value of project in the last five years are set out below.

Project	Name of Client	Location	Type of project	Our executed value (in ₹ crore)	Completion Year
Four laning of Farakka-Raiganj Highway (part of National Highway 34), West Bengal	Farraka Raiganj Highways Ltd.	West Bengal	Infrastructure Development	1,384.31	2021
Dry Dock & associated North and South Wharves at Naval Dockyard, Mumbai	Director General Naval Project	Maharashtra	Engineering and Construction	993.73	2022
Bogibeel rail-cum-road bridge, Assam	Northeast Frontier Railway	Assam	Engineering and Construction	875.91	2021
Elevated road corridor, Kolkata	Kolkata Metropolitan Development Authority	West Bengal	Engineering and Construction	480.72	2019
Four lane high level RCC bridge over river Sone between Daudnagar and Nasriganj	Bihar Rajya Pul Nirman Nigam Limited	Bihar	Engineering and Construction	466.11	2023

Some of our key ongoing projects based on present estimated work contract size are set out below.

Project	Name of Client	Location	Type of project	Present estimated work contract size (in ₹ crore)	Balance work estimate as on October 1, 2023 (in ₹ crore)
Vishnugad Pipalkoti hydropower project	THDCIL	Uttarakhand	Engineering and Construction	3,386.19	2,370.04
Tehri pumped storage	THDCIL	Uttarakhand	Engineering and Construction	2,039.17	475.29
Mumbai metro – Line 3 – UGC02	Mumbai Metro Rail Corporation Limited	Maharashtra	Engineering and Construction	3,333.47	598.90
T13 tunnel	IRCON	Jammu & Kashmir	Engineering and Construction	2,915.74	390.34
Bhadbut Barrage	Narmada Water Resources, Water Supply and Kalpsar Department	Gujarat	Engineering and Construction	2,293.78	1,705.16

Other Activities

Turnkey development and construction contract services

One of our Material Subsidiaries, Steiner AG is engaged in developing, realising and using real estate and construction projects and may open branch offices and subsidiaries in Switzerland and abroad. It may also acquire participations in other companies in Switzerland and abroad. Steiner AG may acquire, hold, use and sell real estate and intellectual property rights. Steiner AG may also engage in any commercial, financial or other activities which are apt to favor the purpose of the Steiner AG or which are related to its purpose. For more details, see " – *Overview – Real Estate construction*" on page 92.

Clients

Most of our clients comprise various Central Government and State Government agencies and enterprises, in addition to ministries and local municipal bodies. 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. Some of our regular clients are NHAI, NHPC, IRCON, MoRTH, THDCIL, NPCIL, GoAP-PWD and DMRC amongst others. Our top five customers (based on total revenue) for Financial Year 2023 and Financial Year 2022 accounted for 29% and 22% of our total revenue for each year, respectively.

Awards and Recognition

We have received the following awards over the last few years:

Year	Awards and Recognitions
2023	• Ranked 7th among top 100 infrastructure companies by Construction Week in November 2023. • 'Construction Times Award 2023' to Bogibeel Rail-cum-road Bridge for the 'Best Bridge Project of the Year'.

Year	Awards and Recognitions
	• ‘Quality Innovation Award 2023’ to DMRC DC-06 Project by the Institution of Engineers (India) for its ‘Outstanding performance in Quality Innovation’. • ‘National Safety Award’ to Integrated Nuclear Recycle Plant (INRP) - Phase 1 BARC by the National Safety Council. • ‘Certificate of Appreciation’ to Vishnughad Pipalkoti Hydro Power Project by the National Safety Council.
2022	• The ‘Lifetime Achievement Award’ to Ajit Gulabchand, Chairman and Managing Director, HCC, bestowed by Construction Week. • 9th ‘EPC World Awards 2022’ to Bogibeel Rail-cum Road Project for ‘Outstanding Contribution in Railway Project’. • ‘Safety Innovation Award 2022’ to DMRC - DC06 Project by Indian Institute of Engineers (IIE) for theme ‘Safety for Sustainable Development: Role of Artificial Intelligence’. • ‘National Safety Award’ to Integrated Nuclear Recycle Plant (INRP) - Phase 1 BARC by the National Safety Council. • ‘Certificate of Appreciation’ to DMRC - DC06 Project by the National Safety Council. • ‘Certificate of Appreciation’ to Vishnughad Pipalkoti Hydro Power Project by the National Safety Council. • ‘Certificate of Appreciation’ to Rajasthan Atomic Power Project - Units 7 and 8 by the National Safety Council.
2021	• ‘CIDC Vishwakarma Award 2021’ to Bogibeel Rail-cum-Road Bridge under Bridge category ‘Best Construction Project’. • ‘ACCE(I) Sarvamangala Award 2020’ to Kishanganga Hydro Power Project for ‘Excellence in Construction’. • ‘Safety Innovation Award 2021’ to DMRC - DC06 Project by Indian Institute of Engineers (IIE).
2020	• ‘Ministry of Road Transport and Highways (MoRTH) - Gold Award’ to Baharampore Farakka Highways Ltd (Chandermore Toll Plaza) for ‘Excellence in Toll Plaza Management’. • ‘Ministry of Road Transport and Highways (MoRTH) - Champions Award’ to Farakka Raiganj Highways Ltd (Laxmipor Toll Plaza) for ‘Excellence in Toll Plaza Management’.

Landmark Projects

Our Company has executed various key projects in its last two decades of operations, as highlighted below:

Key Projects

Project	Location	Completion year
Bogibeel rail-cum-road bridge, India’s longest rail-cum-cum bridge	Assam	2021
Pir Panjal railway tunnel India’s longest railway tunnel	Pir Panjal, Jammu and Kashmir	2013
Bandra-Worli Sea link, India’s first cable stayed bridge constructed in the open sea.	Mumbai, Maharashtra	2010
India’s largest (2 GW) nuclear power plant of 2 GW capacity and first light water reactor, including sea water intake	Kudankulam, Tamil Nadu	2010
Asia’s longest break waters	Ennore Port, Tamil Nadu	2001

Employees

As of September 30, 2023, we had around 1,157 employees on our payroll. Additionally, we enter into contracts with sub-contractors to engage workmen on a contract labour basis from time to time. Basis the demands of our workstreams, we deploy skilled and unskilled workmen from piece-rate workers and sub-contractors. On an average, we deploy around 9,500 workers on a monthly basis, ranging from fitters and carpenters to bar benders, foremen and plumbers.

Quality Management, Environment, Health and Safety

We adhere to strong quality standards being the first construction Company in India to be certified for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 for quality, environmental and occupational health and safety management systems. We have also adopted an IMS with the above ISO certifications which facilitates operational efficiency by integrating our organisation’s systems into one complete framework. We strongly believe in delivering quality products to our customers. To deliver quality products to our customers, we have established an QMS (Quality Management System) module at all sites to monitor quality. We ensure effective implementation of the IMS through management review meetings of our Company along with IMS internal and external audits across all the functions at our projects and head office. In Financial Year 2023, we successfully completed our ISO recertification process. HCC was recertified for all three management systems, i.e., ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

Risk Management Policies

Our contracts expose us to significant construction and cash flow risks. To mitigate these risks, we have developed a risk management system that includes screening the project during the bidding stage. This involves an analysis of the quality of the client, the contract value and nature of competition and efficient project management. We are always committed to high standards of business conduct and our robust risk management framework aims at:

- Identification and timely action on risks and opportunities;
- Protection of our Company’s assets and business interests;
- Achievement of sustainable business growth and safeguarding shareholder’s investment; and

- ensuring compliance with applicable legal and regulatory requirements.

Competition

The large-scale, complex and high value projects which are awarded by the various Central Government and State Government agencies, typically involve a competitive bidding process between the potential participating companies. Further, there are certain pre-qualification requirements necessary to enter the competitive bidding process for potential heavy infrastructure sectors such that only those companies with the technical ability to execute the associated projects are awarded the tender.

The primary competition between the companies which qualify for a particular project, is based on price *viz.* the ability of the company to execute the project at lowest cost relatively to the other companies. 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 EPC contracts and BOT projects, which are some of our target project types. Across our verticals, these companies include Patel Engineering Limited, Nagarjuna Construction Company Limited, ITD Cementation India Limited and PNC Infratech Limited.

Insurance

We maintain a range of insurance policies to cover different risks related to our projects in accordance with the terms of our agreements and best practices in the industry. These insurance policies are intended at providing us coverage against all foreseen and unforeseen hazards which may cause injury and loss of life, in addition to causing damage and destruction to our equipment and other properties. Our insurance policies cover our assets and operations, including property insurance, various liability and indemnity insurances, personal accident insurance and health insurance for our employees. 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.

Properties

Our Registered and Corporate Office is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai 400 083. We also have an office presence in New Delhi at Flat 706-707, 7th floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi 110 001.

Intellectual Property

We own two copyrights in '*Highbar Technologies*' as artistic work pursuant to copyright certificates dated May 13, 2013 issued by the Registrar of Copyrights in accordance with the Copyrights Act, 1957. Further, We also have 17 registered trademarks under the name of our Company.

OUR MANAGEMENT

Board of Directors

The composition of the Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI LODR Regulations and the Articles of Association. In accordance with the Articles of Association, unless otherwise determined by our Company in a general meeting, our Company shall not have less than three Directors and not more than 15 Directors. As on the date of this Letter of Offer, our Company has ten directors, comprising two executive Directors, three Non-Executive Non-Independent Directors and five Independent Directors, inclusive of one woman Independent Director. The Chairman is a Non-Executive Non-Independent Director.

The following table provides details regarding the Board of Directors of our Company as of the date of filing this Draft Letter of Offer:

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
Ajit Gulabchand ***Address***: 94, NCPA Apartments, 1, Sir Dorab Tata Road, Nariman Point, Mumbai 400 021, Maharashtra, India ***Designation:*** Chairman and Non-Executive Non-Independent Director ***Occupation****:* Business ***Term****:* Three years with effect from April 1, 2023 ***Period of Directorship:*** Director since March 3, 1983 ***DIN***: 00010827 ***Date of Birth:*** June 28, 1948	75	• Champali Garden Private Limited • Gulabchand Foundation • Hincon Finance Limited • Hincon Holdings Limited • Shalaka Investment Private Limited • Western Securities Limited • HCC Mauritius Enterprises Limited • HCC Mauritius Investment Limited • Steiner AG
Jaspreet Singh Bhullar ***Address***: House no. 73, Sector-2, Chandigarh 160 001, India ***Designation:*** Managing Director and Chief Executive Officer ***Occupation****:* Service ***Term****:* Five years with effect from April 1, 2023 ***Period of Directorship:*** Director since April 1, 2023 ***DIN***: 03644691 ***Date of Birth:*** April 13, 1970	53	• Brand 13 Promotions Private Limited • HCC Infrastructure Company Limited • Steiner India Limited • Triskaideka Advisors Private Limited • Prolific Resolution Private Limited
Arjun Dhawan ***Address***: 5B Rizvi Park, 5A Altamount Road, Mumbai 400 026, Maharashtra, India ***Designation:*** Executive Vice Chairman ***Occupation****:* Service ***Term****:* Five years with effect from April 1, 2022 ***Period of Directorship:*** Director since April 1, 2017 ***DIN***: 01778379 ***Date of Birth:*** July 19, 1976	47	• Arya Capital Management Private Limited • AVG Hotels Private Limited • Dhawan Management Private Limited • HCC Infrastructure Company Limited • Maharani Holdings Private Limited • Seeberg Private Limited • Steiner India Limited • Steiner AG • Steiner Construction SA

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
Aditya Jain ***Address***: 2205, Sea Flama, Dosti Flamingoes, T.J. Road, Near Sewri Naka, Sewri, Mumbai – 400 015, Maharashtra, India ***Designation:*** Non-Executive Non-Independent Director ***Occupation:*** Service ***Term:*** Liable to retire by rotation ***Period of Directorship:*** Director since June 7, 2023 ***DIN***: 08115375 ***Date of Birth:*** June 22, 1962	61	Nil
N. R. Acharyulu ***Address***: Tower 2A, Flat No. 301, 302, Siddachal Phase VI, Pokharan Road No. 2, Thane (West), Mumbai 400 610, Maharashtra, India ***Designation:*** Independent Director ***Occupation:*** Engineer ***Term:*** Three years with effect from June 23, 2021 up to the conclusion of the annual general meeting in 2024 ***Period of Directorship:*** Director since May 2, 2016 ***DIN***: 02010249 ***Date of Birth:*** May 22, 1944	79	Nil
Santosh Janakiram ***Address***: 43, Floor-9, Hanuman Sharan, Bomanji Petit Road, Parsi Hospital, August Kranti Marg, Mumbai 400 036, Maharashtra, India ***Designation:*** Independent Director ***Occupation:*** Lawyer ***Term:*** Five years with effect from September 29, 2022 up to the conclusion of the annual general meeting in 2027 ***Period of Directorship:*** Director since June 17, 2019 ***DIN***: 06801226 ***Date of Birth:*** August 22, 1978	45	• Ador Fontech Limited • Social Lending Technologies and Holdings Private Limited • Steiner AG
Mahendra Singh Mehta ***Address***: 1701, Raheja Excelsior, Pandit Madan Mohan Malviya Marg, Near Sobo Mall, Tardeo, Tulsiwadi, Mumbai 400 034, Maharashtra, India ***Designation:*** Independent Director ***Occupation:*** Retired ***Term:*** Five years with effect from September 29, 2022, up to the conclusion of the annual general meeting in 2027 ***Period of Directorship:*** Director since June 17, 2019	68	• Talwandi Sabo Power Limited • Lloyds Metals and Energy Limited

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
DIN: 00019566 ***Date of Birth:*** December 9, 1955		
Mukul Sarkar* ***Address***: Flat no. 1604, Wallace Apartments-1, Sleater Road, Grant Road West, Mumbai 400 007, Maharashtra, India ***Designation:*** Non-Executive Nominee Director ***Occupation:*** Service ***Term:*** Appointed with effect from February 06, 2020# ***Period of Directorship:*** Director since November 18, 2019 ***DIN***: 00893700 ***Date of Birth:*** June 1, 1967	56	• GPCL Consulting Services Limited • Jain Irrigation Systems Limited
Mita Dixit ***Address***: B 1303, Laxmi Chhaya CHS LTD, Babhai Naka, Opp. UCO Bank, Jn of L.T. Road & Borivali (West), Mumbai 400 092, Maharashtra, India ***Designation:*** Independent Director ***Occupation:*** Business ***Term:*** Five years with effect from August 30, 2023 up to the conclusion of the annual general meeting in 2028 ***Period of Directorship:*** Director since February 06, 2020 ***DIN***: 08198165 ***Date of Birth:*** February 16, 1965	58	• Anuh Pharma Limited • Equations Advisors Private Limited • Prolific Resolution Private Limited • Shetron Limited
Arun Karambelkar ***Address***: C-903 & 904, Royal Court CHS, S N Road, Opp. HDIL, Andheri (East), Mumbai 400 069, Maharashtra, India ***Designation:*** Independent Director ***Occupation:*** Service ***Term:*** Five years with effect from June 7, 2023 ***Period of Directorship:*** Director since June 23, 2021 ***DIN***: 02151606 ***Date of Birth:*** September 25, 1955	68	• Capacit'e Infraprojects Limited • Prolific Resolution Private Limited

** Nominee of the Export Import Bank of India.*
 # Pursuant to Section 32(2) of the Export Import Bank Act, 1981, a Nominee Director of the Export Import Bank shall hold office during the pleasure of the Export Import Bank of India.

Confirmations

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

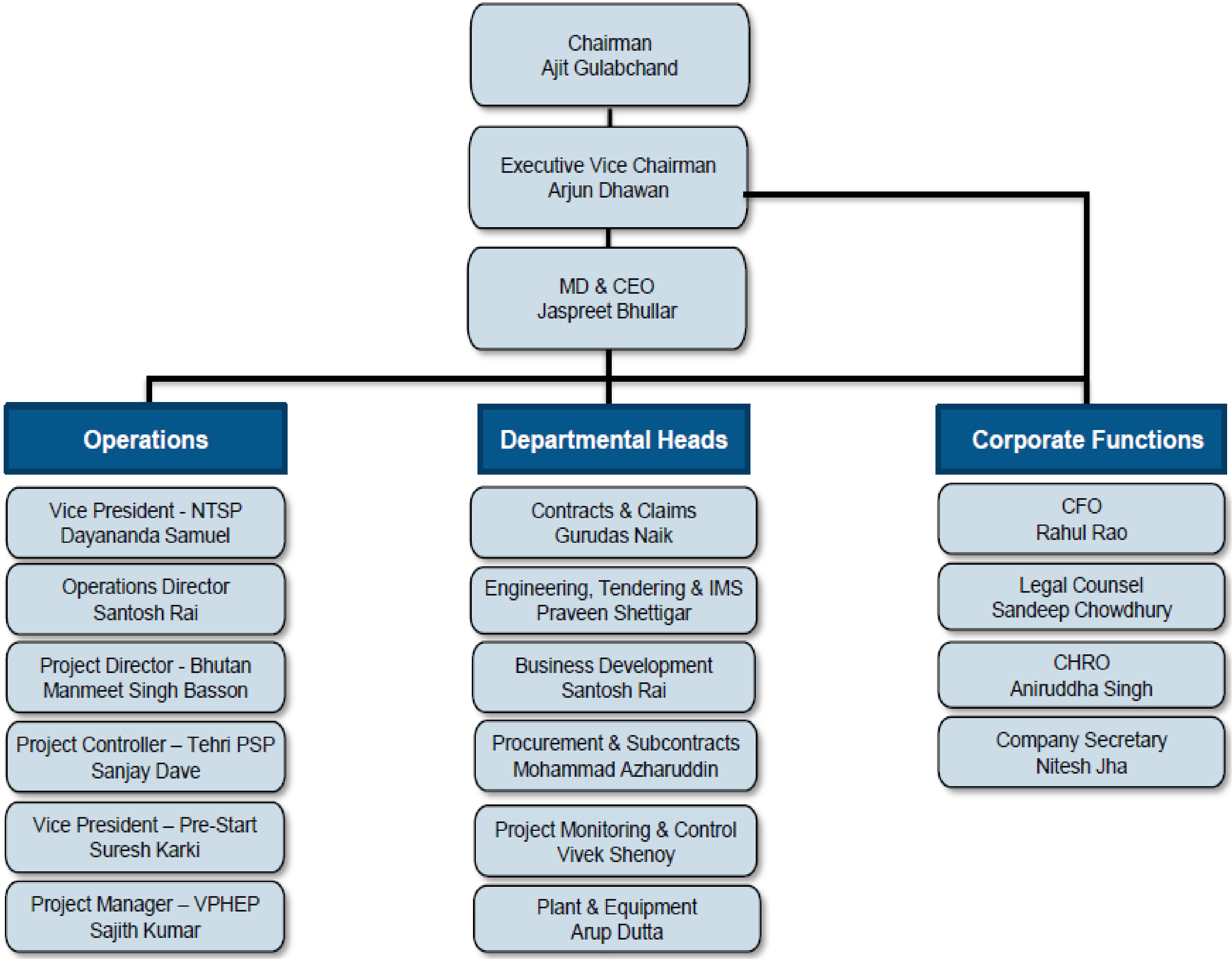
None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Draft Letter of Offer.

Details of Key Managerial Personnel and Senior Management Personnel

Other than Jaspreet Singh Bhullar and Arjun Dhawan, details of which are specified above, the following are the Key Managerial Personnel and other members of our senior management.

Sr. No.	Name of KMP/SMP	Designation
1.	Rahul Rao	Chief Financial Officer
2.	Nitesh Kumar Jha	Company Secretary and Compliance Officer
3.	Santosh Kumar Rai	Operations Director and Chief Business Officer
4.	Aniruddha Singh	Chief Human Resources Officer
5.	Sandeep Chowdhury	Senior Vice President – Legal and General Counsel
6.	Gurudas Digambar Naik	Executive Vice President – Contracts and Claims
7.	Sanjay Dave	Senior Vice President – Hydro Electric Projects
8.	Vivek Ganesh Shenoy	Vice President – Project Monitoring and Controls
9.	Suresh Karki	Vice President – Operations
10.	Mohammad Azharuddin	Head – Procurement and Sub-Contracts
11.	Praveen Hari Shettigar	Chief Technology Officer and Head - Tendering
12.	Dayanand Samuel	Vice President – Nuclear Thermal and Special Projects
13.	Arup Dutta	Vice President – Equipment
14.	Manmeet Singh Basson	Project Director – Bhutan Project
15.	Sajith Kumar	Project Manager – Vishnugad Pipalkoti Hydropower Project

Organisational Structure



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Walker Chandiok & Co LLP

16th Floor, Tower III,
One International Centre,
SB Marg, Prabhadevi (W)
Mumbai – 400 013
T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates (refer Annexure 1 for the list of subsidiaries, associates and joint operations included in the Statement) for the quarter ended **30 September 2023** and the consolidated year to date results for the period **1 April 2023 to 30 September 2023**, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India ('ICAI'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the Listing Regulation, to the extent applicable.

4. As stated in Note 3 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.93 crore as at 30 September 2023, which mainly includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the Holding Company's management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 30 September 2023.

   Our audit report dated 18 May 2023 on the consolidated financial results of the Group for the quarter and year ended 31 March 2023 and review reports dated 03 August 2023 and 10 November 2022 on the consolidated unaudited financial results of the Group for the quarter ended 30 June 2023 and for the quarter and six month period ended 30 September 2022, respectively, were also qualified in respect of this matter.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 7 and 8 below, except for the possible effects of the matter described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to:

   (i) Note 4 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 596.42 crore, ₹ 256.74 and ₹ 57.52 crore, respectively, as at 30 September 2023, which represent various receivables in respect of closed/ substantially closed/ suspended projects. The Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation in respect of the aforementioned receivables. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management of Holding Company is confident of recovery of these receivables. Our conclusion is not modified in respect of the above matter.

   (ii) The matter described in Note 6 to the Statement and the following Emphasis of Matter paragraph included in the review report on the interim condensed consolidated financial statements of Steiner AG, a step-down subsidiary of the Holding Company, reviewed by an independent audit firm, vide their review report dated 18 October 2023 which is reproduced by us as under:

   "We draw attention to the explanatory comment of the interim condensed consolidated financial information describing the experienced liquidity difficulties the company faced during the three-month period and the six-month period then ended 30 September 2023. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The company's ability to continue as a going concern depends on whether it can achieve the proposed liquidity measures."

   (iii) The matter described in Note 8 to the Statement and the following Emphasis of Matter paragraph included in the review report on the financial results of Raiganj - Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, reviewed by an independent firm of Chartered Accountants, vide their review report dated 6 November 2023, which is reproduced by us as under:

   "Note XX, XX & XX of notes to accounts, the Company had taken term loans from consortium of banks and financial institution. The Company borrowings have been classified as non-performing assets by the lenders due to defaults in payment of related dues. Balances of outstanding borrowings from the lenders including interest thereon, as recorded in books of accounts of Company are unconfirmed. Moreover, Yes Bank has assigned entire RDHL loan/ facility to J.C. Flowers Asset Reconstruction Pvt. Ltd. ("JCF ARC") for which the Company is in process to obtain detailed loan statements, terms of repayment and interest rate etc."

(iv) The matter described in Note 7 to the Statement and the following Emphasis of Matter paragraph included in the review report on the financial statements of HREL Real Estate Limited, a subsidiary of the Holding Company, reviewed by an independent firm of Chartered Accountants, vide their review report dated 6 November 2023, which is reproduced by us as under:

"We draw attention to Note XX to the accompanying financial statements, which states that HREL Real Estate Limited ('HREL') has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely, Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 30 September 2023 stands at ₹ 7,845.63 crore. Pursuant to default in repayment of dues, the lenders, to whom these corporate guarantees and put options were furnished, invoked the corporate guarantee/ put options issued by the HREL. Further, LCL and WAML were admitted under the Corporate Insolvency and Resolution Process in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) on 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals were appointed by the Committee of Creditors of respective companies. On 21 July 2023, Mumbai bench of Hon'ble National Company Law Tribunal ('NCLT') has approved the resolution plan for LCL based on the approval given by the CoC. HREL has been legally advised that the approval of Resolution Plan would discharge HREL of its liability under the contracts of guarantee to lenders of LCL and WAML, which would be confirmed only from a detailed review of the approved Resolution Plan. The Company is currently in process of obtaining the approved Resolution Plan from NCLT. Pending the receipt of the approved Resolution Plan and basis the legal advice received, no provision is considered necessary in the financial results as at 30 September 2023."

Our conclusion is not modified in respect of the above matters.

7. We did not review the interim financial information of seventeen (17) subsidiaries and one (1) joint operation included in the Statement, whose financial information reflect total assets of ₹ 4,343.32 crore as at 30 September 2023, and total revenues of ₹ 109.69 crore and ₹ 1,449.05 crore, net loss after tax of ₹ 55.61 crore and ₹ 26.45 crore, total comprehensive loss of ₹ 55.61 crore and ₹ 26.45 crore, for the quarter and six-month period ended 30 September 2023, respectively, and cash outflows net of ₹ 207.14 crore for the period ended 30 September 2023, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 4.08 crore and ₹ 7.84 crore and total comprehensive income of ₹ 4.08 crore and ₹ 7.84 crore, for the quarter and six-month period ended 30 September 2023, respectively, as considered in the Statement, in respect of four (4) associates, whose interim financial information have not been reviewed by us.

   The aforementioned interim financial information have been reviewed by other auditors, whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint operation and associates is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

8. We did not review the interim financial information of one (1) joint operation included in the Statement, where such interim financial information reflects group's share of total assets of ₹ 67.52 crore as at 30 September 2023, and group's share of total revenues of ₹ 77.19 crore and ₹ 144.58 crore, Group's share of total net profit after tax of ₹ 1.45 crore and ₹ 2.71 crore, and total comprehensive income of ₹ 1.45 crore and ₹ 2.71 crore, for the quarter and six-month period ended 30 September 2023, respectively, and cash flows of ₹ Nil for the six-month period ended 30 September 2023, as considered in the Statement. Such interim financial information has been reviewed by another auditor, whose report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this joint operation, is based solely on the review report of such other auditor and procedure performed by us as stated in paragraph 3 above.

   Further, the aforementioned interim financial information of the above joint operation has been prepared in accordance with accounting principles generally accepted in India, including 'Accounting Standards' issued by the ICAI. The Holding Company's management has converted such interim financial information of the joint operation in accordance with Ind AS. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of this joint operation is based on the review report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Our conclusion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditor.

9. The Statement includes the interim financial information of ten (10) subsidiaries, which have not been reviewed/ audited by their auditors, whose interim financial information reflect total assets of ₹ 72.50 crore as at 30 September 2023, and total revenues of ₹ 0.43 crore and ₹ 1.04 crore, net loss after tax of ₹ 0.33 crore and ₹ 0.78 crore, total comprehensive loss of ₹ 0.33 crore and ₹ 0.78 crore for the quarter and six month period ended on 30 September 2023 respectively, cash outflow (net) of ₹ 0.05 crore for the period ended 30 September 2023 as considered in the Statement. The Statement above includes the Group's share of net profit after tax of ₹ Nil and ₹ 0.10 crore and total comprehensive income of ₹ Nil and ₹ 0.10 crore, for the quarter and six - month period ended 30 September 2023, in respect of one (1) associate, based on their interim financial information, which have not been received/ audited by their auditors, and have been furnished to us by Holding Company's management.

   Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, are based solely on such unaudited/ unreviewed interim financial information. According to the information and explanations given to us by the management, such Interim financial information is not material to the Group. Our conclusion is not modified in respect of this matter with respect to our reliance on the interim financial information certified by the Board of Directors.

10. The Statement includes the interim financial information of six (6) joint operations, which have not been reviewed/ audited by their auditors, whose interim financial information reflects group's share of total assets of ₹ 19.85 crore as at 30 September 2023, and group's share of total revenues of ₹ 0.89 crore and ₹ 0.97 crore, net profit after tax of ₹ 0.46 crore and ₹ 0.34 crore, total comprehensive income of ₹ 0.46 crore and ₹ 0.34 crore for the quarter and six-month period ended 30 September 2023, respectively, and cash inflow (net) of ₹ 3.49 crore for the six-month period ended 30 September 2023, as considered in the Statement. Such interim financial information has been furnished to us by the Holding Company's management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on such unreviewed/ unaudited interim financial information. According to the information and explanations given to us by the Holding Company's management, such interim financial information is not material to the Group.

    Our conclusion is not modified in respect of this matter with respect to our reliance on the aforesaid financial information certified by the Board of Directors.

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

SHASHI TADWALKAR

Digitally signed by SHASHI TADWALKAR
Date: 2023.11.09 17:05:06 +05'30'

Shashi Tadwalkar
Partner
Membership No. 101797

UDIN: 23101797BGXFHK3066

Place: Mumbai
Date: 9 November 2023

Appendix 1

List of entities included in the Statement

Subsidiary Companies	
HCC Contract Solutions Limited	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited	HCC Realty Limited
Panchkutir Developers Limited	HCC Operation and Maintenance Limited
HCC Mauritius Enterprises Limited	Steiner Promotions et Participations SA
Highbar Technologies Limited	Steiner (Deutschland) GmbH
HCC Infrastructure Company Limited	VM + ST AG
HCC Mauritius Investments Limited	Steiner Leman SAS
HRL Township Developers Limited	Steiner India Limited
HRL (Thane) Real Estate Limited	Powai Real Estate Developer Limited
Nashik Township Developers Limited	Prolific Resolution Private Limited (upto 30 September 2023)
Maan Township Developers Limited	Baharampore – Farakka Highways Limited (upto 28 March 2023)
Manufakt8048 AG	Raiganj - Dalkhola Highways Limited
Narmada Bridge Tollways Limited	Steiner Construction SA (incorporated w.e.f. 12 July 2022)
Badarpur Faridabad Tollways Limited	

Associates	
Highbar Technocrat Limited	Evostate Immobillen AG
Evostate AG	MCR Managing Corp. Real Estate
Hegias AG, Zurich (incorporated w.e.f. 18 August 2022)	

Joint Operations	
Kumagai - Skanska - HCC - Itochu Group	Alpine - HCC Joint Venture
HCC - L&T Purulia Joint Venture	HCC - Samsung Joint Venture CC 34
Alpine - Samsung - HCC Joint Venture	Werkarena Basel AG
Nathpa Jhakri Joint Venture	HCC – VCCL Joint Venture
HCC - HDC Joint Venture	

HCC

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED 30 SEPTEMBER 2023

₹ in crore except earnings per share

Sr. No.	Particulars	Quarter ended			Six month ended		Year ended
		30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Continuing operations						
1	**Income**						
	(a) Revenue from operations	1,832.59	1,926.52	2,257.02	3,759.11	4,485.94	8,267.30
	(b) Other income (Refer note 9)	38.20	16.71	16.37	54.91	30.36	55.74
	Total income (a+b)	**1,870.79**	**1,943.23**	**2,273.39**	**3,814.02**	**4,516.30**	**8,323.04**
2	**Expenses**						
	(a) Cost of materials consumed	193.01	222.92	250.22	415.93	492.24	1,009.64
	(b) Subcontracting expenses	1,089.90	1,106.05	1,338.20	2,195.95	2,931.30	5,395.45
	(c) Changes in inventories	0.04	(2.98)	(11.07)	(2.94)	7.18	(11.04)
	(d) Employee benefits expense	153.88	164.02	192.18	317.90	407.42	727.95
	(e) Finance costs	256.08	246.16	247.74	502.24	510.69	1,012.31
	(f) Depreciation and amortisation expense	27.76	29.00	32.00	56.76	64.22	127.64
	(g) Other expenses	141.97	140.31	146.19	232.28	280.34	599.57
	Total expenses (a+b+c+d+e+f+g)	**1,862.64**	**1,905.48**	**2,195.46**	**3,768.12**	**4,693.39**	**8,861.52**
3	**Profit/ (Loss) before share of profit of associates, exceptional items and tax (1-2)**	**8.15**	**37.75**	**77.93**	**45.90**	**(177.09)**	**(538.48)**
4	Share of profit of associates (net)	4.08	3.86	1.65	7.94	2.09	9.59
5	**Profit/ (Loss) before exceptional items and tax (3+4)**	**12.23**	**41.61**	**79.58**	**53.84**	**(175.00)**	**(528.89)**
6	Exceptional items - Gain (Refer note 10)	1.53	-	223.30	1.53	223.30	409.74
7	**Profit/ (Loss) before tax (5+6)**	**13.76**	**41.61**	**302.88**	**55.37**	**48.30**	**(119.15)**
8	**Tax expense/ (credit)**						
	(a) Current tax	6.03	(2.80)	3.07	3.23	8.07	4.15
	(b) Deferred tax	1.35	0.82	(10.48)	2.17	10.61	(70.79)
	Total tax expense/ (credit) (a+b)	**7.38**	**(1.98)**	**(7.41)**	**5.40**	**18.68**	**(66.64)**
9	**Profit/ (Loss) for the period from continuing operations (7-8)**	**6.38**	**43.59**	**310.29**	**49.97**	**29.62**	**(52.51)**
10	**Discontinued Operations**						
	Profit/ (Loss) before tax from discontinued operations	(8.54)	13.08	10.52	4.54	12.33	28.99
	Tax expense of discontinued operations	0.64	3.94	1.77	4.58	1.77	4.32
	Profit/ (Loss) from discontinued operations (after tax)	**(9.18)**	**9.14**	**8.75**	**(0.04)**	**10.56**	**24.67**
11	**Other comprehensive income/ (loss)**						
	(a) Items that will not to be reclassified subsequently to statement of profit or loss (net of tax)						
	- Gain/ (Loss) on remeasurement of defined benefit plans	0.50	0.46	0.59	0.96	0.87	(20.23)
	- Gain/ (Loss) on fair value of equity instruments	6.66	6.32	1.37	12.98	(2.69)	0.53
	(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)						
	- Translation gain/ (loss) relating to foreign operations	(15.97)	11.07	(19.15)	(4.90)	9.15	(6.06)
	Other comprehensive income/ (loss) for the period/ year, net of tax (a+b)	**(8.81)**	**17.85**	**(17.19)**	**9.04**	**7.33**	**(25.76)**
12	**Total comprehensive income/ (loss) for the period/ year, (9+10+11)**	**(11.61)**	**70.58**	**301.85**	**58.97**	**47.51**	**(53.60)**
	Profit/ (loss) for the period/ year attributable to:						
	Owners of the parent	(2.80)	52.73	319.04	49.93	40.18	(27.84)
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*
	Other comprehensive income/ (loss) for the period/ year attributable to:						
	Owners of the parent	(8.81)	17.85	(17.19)	9.04	7.33	(25.76)
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*
	Total comprehensive income/ (loss) for the period/ year attributable to:						
	Owners of the parent	(11.61)	70.58	301.85	58.97	47.51	(53.60)
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*
13	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31	151.31
14	Other equity (excluding revaluation reserves)						(865.69)
15	**Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations**						
	(Not annualised for the quarters and six month)						
	(a) Basic EPS (in ₹)	0.04	0.29	2.05	0.33	0.20	(0.35)
	(b) Diluted EPS (in ₹)	0.04	0.29	2.05	0.33	0.20	(0.35)
	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations						
	(Not annualised for the quarters and six month)						
	(a) Basic EPS (in ₹)	(0.06)	0.06	0.06	(0.00)^	0.07	0.16
	(b) Diluted EPS (in ₹)	(0.06)	0.06	0.06	(0.00)^	0.07	0.16
	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations						
	(Not annualised for the quarters and six month)						
	(a) Basic EPS (in ₹)	(0.02)	0.35	2.11	0.33	0.27	(0.19)
	(b) Diluted EPS (in ₹)	(0.02)	0.35	2.11	0.33	0.27	(0.19)

* represents amount less than ₹ 1 lakh

^ represents EPS of less than ₹ 0.01 per equity share

See accompanying notes to the consolidated unaudited financial results

Hindustan Construction Co Ltd

Hincon House,
LBS Marg, Vikhroli (West),
Mumbai - 400 083, India
Tel : +91 22 2575 1000 Fax : +91 22 2577 7568
CIN : L45200MH1926PLC001228

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

www.hccindia.com

HCC

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2023

₹ in crore

Particulars	As at 30 September 2023	As at 31 March 2023
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	324.29	358.09
Right-of-use assets	158.43	186.80
Capital work-in-progress	0.12	0.12
Investment property	3.41	2.84
Goodwill	3.38	3.38
Other intangible assets	63.83	72.10
Investments in associates and joint ventures	87.67	59.66
Financial assets		
Other investments	32.10	19.11
Trade receivables	937.18	670.12
Loans	20.83	26.62
Other financial assets (Refer note 12)	8.34	3,134.09
Deferred tax assets (net)	779.05	702.02
Non-current tax assets (net)	126.13	117.46
Other non-current assets	117.91	117.56
Total non-current assets	**2,663.47**	**5,549.97**
Current assets		
Inventories	464.00	490.52
Financial assets		
Investments	0.18	0.70
Trade receivables	1,740.56	2,180.68
Cash and cash equivalents	366.12	531.91
Bank balances other than cash and cash equivalents	224.34	571.63
Other financial assets	140.67	96.93
Unbilled work-in-progress (contract assets)	3,776.76	3,442.44
Other current assets	266.30	262.96
	6,978.93	**7,627.77**
Assets held for sale	691.14	2.19
Total current assets	**7,670.07**	**7,629.96**
TOTAL ASSETS	**10,333.54**	**13,179.93**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	151.31	151.31
Other equity	(806.72)	(865.69)
Equity attributable to owners of the parent	**(655.41)**	**(714.38)**
Non-controlling interest	0.00*	0.00*
Total equity	**(655.41)**	**(714.38)**
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	1,968.13	4,851.11
Lease liabilities	159.08	185.70
Other financial liabilities	1,588.19	1,709.73
Provisions	112.29	125.68
Total non-current liabilities	**3,827.69**	**6,872.22**
Current liabilities		
Financial liabilities		
Borrowings	430.57	443.41
Lease liabilities	25.16	31.35
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	120.81	134.67
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,284.50	2,856.54
Other financial liabilities	926.91	856.67
Other current liabilities	1,873.49	2,088.53
Current tax liabilities	10.53	8.97
Provisions	499.04	601.94
	6,171.03	**7,022.08**
Liabilities of a disposal group held for sale	990.23	-
Total current liabilities	**7,161.26**	**7,022.08**
TOTAL EQUITY AND LIABILITIES	**10,333.54**	**13,179.93**

* represents amount less than ₹ 1 lakh

See accompanying notes to the consolidated unaudited financial results

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

www.hccindia.com

HCC

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTH ENDED 30 SEPTEMBER 2023		
		₹ in crore
Particulars	Six month ended	
	30-Sep-23	30-Sep-22
	Unaudited	Unaudited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax including discontinued operations	59.91	60.62
Adjustments for :		
Depreciation and amortisation expense	56.76	64.22
Finance costs	502.24	510.69
Interest income	(13.30)	(9.50)
Fair valuation gain on subsequent measurement of financial assets	(275.80)	-
Gain on implementation of debt resolution plan of Holding Company	-	(223.30)
Gain on settlement of debt	(24.26)	-
Gain on deconsolidation of an erstwhile subsidiary	(1.53)	-
Deconsolidation of subsidiary	-	(2.02)
Share of profit of associates and joint ventures	(7.94)	(2.09)
Dividend income	(0.05)	-
Unrealised exchange gain on foreign currency translation (net)	(2.17)	(0.67)
Profit on disposal of property, plant and equipment (net)	(3.69)	(2.95)
Loss allowance on financial assets	2.23	-
Provision no longer required written back	(31.76)	(6.57)
	200.73	327.81
Operating profit before working capital changes	260.64	388.43
Adjustments for changes in working capital:		
(Increase) / decrease in inventories	26.52	(2.84)
Increase in trade receivables	149.38	(17.85)
(Increase) / Decrease in other financial assets, other assets and unbilled work-in-progress	(767.53)	63.92
Decrease in trade payables, other financial liabilities, other liabilities and provisions	231.63	(512.46)
Cash generated from operations	(99.31)	(80.80)
Direct taxes paid/ (refunded) (net of paid)	(14.92)	(9.91)
Net cash generated from operating activities	(114.23)	(90.71)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3.94)	(78.60)
Proceeds from disposal of property, plant and equipment	8.42	6.54
Proceeds from sale of investments	0.51	1.48
Investments in associates	2.48	-
Net proceeds from/ (investments in) bank deposits	347.28	(39.20)
Interest received	9.29	6.80
Dividend received	0.05	2.02
Net cash generated from/ (used in) investing activities	364.09	(100.96)
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(28.58)	15.13
(Repayment of)/ Proceeds from short-term borrowings (net)	(12.84)	(18.96)
Repayment of lease liabilities	(32.79)	(11.71)
Proceeds from issue of equity shares by erstwhile subsidiary	15.26	-
Finance costs paid	(101.34)	(106.21)
Net cash used in financing activities	(160.30)	(121.75)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	89.56	(313.42)
Cash and cash equivalents at the beginning of the year	581.91	720.97
Impact of discontinued operation	(280.62)	-
Impact of deconsolidation of erstwhile subsidiary	(25.05)	-
Unrealised foreign exchange gain (net)	0.32	5.76
Cash and cash equivalents at the end of the year	366.12	413.31

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

HCC

Notes:

1 The consolidated unaudited financial results of Hindustan Construction Company Limited and its joint operations (the 'Holding Company' or 'HCC') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and associates for the quarter and six month period ended 30 September 2023 ('the Statement') have been prepared to comply in accordance with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended, from time to time and in compliance with presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). These results have been reviewed and recommended to the Board of Directors by the Audit Committee and subsequently approved by the Board of Directors of the Holding Company at their respective meetings held on 9 November 2023. These results have been subjected to limited review by statutory auditors, who have expressed a modified review conclusion.

2 The Group is engaged in a single business segment viz. 'Engineering and Construction', which is substantially seasonal in character. The Chief Operating Decision Makers ('CODM') monitor and review the operating results of the Group as a whole. Therefore, there are no other reportable segments for the Group as per requirements of Ind AS 108 'Operating Segment'. Further, the Group's margins in the quarterly results vary given the nature of its business and consequent to receipt of awards/ claims or events which may lead to revision in cost to completion. Accordingly, the quarterly results may vary and may not be strictly comparable.

3 As at 30 September 2023, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.93 crore (30 June 2023: ₹ 741.93 crore, 31 March 2023: ₹ 741.93 crore and 30 September 2022: ₹ 741.74 crore), which mainly represents deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the Holding Company's management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised. Statutory auditors review report is modified in respect of this matter.

4 Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivable includes ₹ 596.42 crore, ₹ 256.74 crore and ₹ 57.52 crore, respectively, outstanding as at 30 September 2023, representing receivables from customers of Holding Company based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work, for which Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the Holding Company is confident that these receivables are good and fully recoverable.

5 During the year ended 31 March 2023, the Holding Company has successfully novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary upto 30 September 2023 of the Holding Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore in favor of PRPL. The Holding Company has furnished a Corporate Guarantee in favor of the PRPL's lenders for debt novated. Further, the revision in terms of facilities with respect to repayment terms, rate of interest and waiver of penal interest by lenders resulted in a gain of ₹ 223.30 crore which has been presented as an exceptional item for the year ended 31 March 2023.

Based on the above and considering the future business plans, including time-bound monetization of assets, the management is confident of meeting the obligations as they fall due. Accordingly, the management considers it appropriate to prepare these financial results on a going concern basis.

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

6 The performance of Steiner AG ('SAG'), a wholly owned step-down subsidiary, has suffered due to the ongoing impact of the COVID pandemic on the supply chain and high inflation on construction cost further increased from the Ukraine war. This resulted in raising interest rates due to global tightening of monetary policy by all central banks and temporary reluctance of investors in the Swiss real estate market.

The management has initiated liquidity enhancing measures including one-time settlement with customers. While SAG was not in compliance with certain financial covenants in respect of the facility agreement with a Bank syndicate to provide guarantees for its construction projects in earlier periods, however, as at 30 September 2023, the financial covenants are waived by the Bank Syndicate. The management also expects the overall economic situation in Swiss market to turn back to a stable situation in the course of the year. Based on the proposed liquidity measures, the management is optimistic of successfully seeing through the current situation in next quarters and accordingly considers it appropriate to prepare the consolidated financial statements of SAG on a going concern basis.

7 HREL Real Estate Limited ('HREL') has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely, Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 30 September 2023 stands at ₹ 7,845.63 crore. Pursuant to default in repayment of dues, the lenders, to whom these corporate guarantees and put options were furnished, invoked the corporate guarantee/ put options issued by the HREL. Further, LCL and WAML were admitted under the Corporate Insolvency and Resolution Process in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) on 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals were appointed by the Committee of Creditors of respective companies.

On 21 July 2023, Mumbai bench of Hon'ble National Company Law Tribunal ('NCLT') has approved the resolution plan for LCL based on the approval given by the CoC. HREL has been legally advised that the approval of Resolution Plan would discharge HREL of its liability under the contracts of guarantee to lenders of LCL and WAML, which could be confirmed from a detailed review of the approved Resolution Plan. The Company is currently in process of obtaining the approved Resolution Plan from NCLT. Pending the receipt of the approved Resolution Plan and basis the legal advice received, no provision is considered necessary in the financial results as at 30 September 2023. Further, the aforementioned liabilities of lenders are restricted to HREL and do not have any recourse to the Holding Company or other Group companies.

8 Short-term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), a wholly owned step-down subsidiary, as at 30 September 2023 includes ₹ 16.71 crore and ₹ 44.29 crore, respectively, for which confirmations from lenders have not been received. Further, during the year ended 31 March 2023, Yes Bank has assigned entire RDHL loan/ facility to J.C. Flowers Asset Reconstruction Private Limited ("JCF ARC") on 16 December 2022. The loan/ facility has been assigned as per stipulations under Financing Agreements executed amongst the consortium lenders including Yes Bank. Yes Bank has stated that the total loan outstanding as on 30 November 2022 is ₹ 44.78 crore, however the same is subject to reconciliation. In the meanwhile, the management has also requested JCF ARC to provide the detailed loan statements, terms of repayment and interest rate etc, which is still awaited. In the absence of such confirmation or communication, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders/ bankers at the terms specified in the agreements. RDHL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

9 The Holding Company has entered into a revised sanction letter with a holder of a Optionally Convertible Debenture ('OCD') which provides for a waiver on the interest accrued prepayment. During the current quarter, the Holding Company has made a prepayment of certain outstanding OCD which has resulted in a gain on settlement of debt, representing waiver of interest, amounting to ₹ 24.26 crore which has been recognised as other income for the quarter and six month period ended 30 September 2023.

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

10 Exceptional items includes :

₹ in crore

Particulars	Quarter ended			Six months ended		Year ended
	30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
Gain on implementation of debt resolution plan of Holding Company (Refer note 5)	-	-	223.30	-	223.30	223.30
Gain on settlement of debt	-	-		-	-	43.96
Gain on deconsolidation of a erstwhile subsidiary (Refer note 12)	1.53	-	-	1.53	-	142.48
Total	**1.53**	**-**	**223.30**	**1.53**	**223.30**	**409.74**

11(a) During the current quarter, Steiner AG ('SAG'), a step-down subsidiary of the Group, entered into a binding term sheet for 100% stake sale of Steiner Construction SA ('SCSA'), a wholly owned subsidiary of SAG which is expected to be concluded within the next 12 months.
Pursuant to the above, SCSA has been presented as discontinued operations in accordance with Ind AS 105, 'Non-current Assets Held for Sale and Discontinued Operations'. The requisite disclosures in accordance with Ind AS 105 are given below:

₹ in crore

Particulars	Quarter ended			Six month ended		Year ended
	30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
Revenue from operations	540.55	638.31	241.76	1,178.96	241.76	1,589.29
Other income	-					
Total income	**540.65**	**638.31**	**241.76**	**1,178.96**	**241.76**	**1,589.29**
Total expenses	549.19	625.23	228.41	1,174.42	228.41	1,559.22
Profit/ (Loss) before tax	**(8.54)**	**13.08**	**13.35**	**4.54**	**13.35**	**30.07**
Tax expense on profit on sale of discontinued operation	0.64	3.94	1.77	4.58	1.77	4.15
Profit/ (Loss) from sale of discontinued operations, net of tax	**(9.18)**	**9.14**	**11.58**	**(0.04)**	**11.58**	**25.92**

11(b) During the year ended 31 March 2022, HCC Concessions Limited ('HCL') (now merged with HICL) entered into a binding term sheet with Cube Highways and Infrastructure II Pte. Limited ('Cube') for a 100% stake sale of Bahrampore-Farakka Highways Limited ('BFHL'), a step-down subsidiary of Holding Company. Consequently, the results of BFHL's operations have been presented as discontinued operations in accordance with 'Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations'.
On 28 March 2023, HICL has completed the 100% stake sale of BFHL to Cube. Pursuant to the above, HICL has received ₹ 373.99 crore towards consideration for sale of equity shares and a resultant gain of ₹ 142.48 crore on sale of BFHL has been recognised during the year ended 31 March 2023.
Additionally as a part of the agreement with Cube, the Group continues to be entitled to certain earn-outs (contingent on future traffic/ revenue projections), certain revenue share from BFHL over the concessions period which would overall be material in nature.
The requisite disclosures in accordance with Ind AS 105 for said period are given below:

₹ in crore

Particulars	Quarter ended			Six month ended		For the period
	30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	1 April 2022 to 28 March 2023
Revenue from operations	-	-	90.84	-	161.76	372.05
Other income	-	-	2.13	-	4.47	7.88
Total income	**-**	**-**	**92.97**	**-**	**166.23**	**379.93**
Total expenses		-	95.80	-	167.25	405.93
Loss before tax	**-**	**-**	**(2.83)**	**-**	**(1.02)**	**(26.00)**
Impact of elimination	**-**	**-**	**-**	**-**	**-**	**(24.92)**
Loss before tax	**-**	**-**	**(2.83)**	**-**	**(1.02)**	**(1.08)**
Tax expense on profit on sale of discontinued operation	-	-	-	-	-	0.17
Loss from sale of discontinued operations, net of tax	**-**	**-**	**(2.83)**	**-**	**(1.02)**	**(1.25)**

12 During the current quarter, the Prolific Resolution Private Limited ('PRPL') has issued 52,040 equity shares to Jadeja Investments Management Private Limited ('JIPL') on preferential basis for a consideration of ₹ 25 crore. Pursuant to aforementioned issue of equity shares, as at 30 September 2023, JIPL holds 51% share of PRPL.

Consequent to the above, w.e.f. 30 September 2023, PRPL ceases to be a subsidiary of the Holding Company and based on the terms of the Investment Agreement and Service Agreement, JIPL and HCC have joint control over the relevant activities of PRPL. Consequently, assets and liabilities of PRPL has been derecognized from consolidated financial statements and the Group has recognised a gain on deconsolidation of ₹ 1.53 crore which has been presented as an exceptional item in the financial results for the quarter and six month period ended 30 September 2023.

13 Figures for the previous period/ year have been regrouped/ reclassified to conform to the current period's presentation, wherever considered necessary. The impact of such regroupings/ reclassifications is not material to these financial results.

HINDUSTAN CONSTRUCTION COMPANY LTD
Hincon House,
L.B.S. Road,
Vikhroli (W)
MUMBAI-83

14 Additional disclosures as per Clause 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Unit of Measurement	Quarter ended			Six month ended		Year ended
		30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
Debt Equity ratio : Total Debt/ (Equity Share Capital + Other equity less capital reserves)	Times	(4.88)	(7.75)	(8.16)	(4.88)	(8.16)	(7.02)
Debt Service Coverage ratio : [(Earnings before interest^, depreciation and amortisation, exceptional items and tax)/ (Interest^ on debt for the period/ year + Principal repayment of current borrowings and lease liabilities within one year)] - Annualised	Times	0.77	0.84	1.00	0.81	0.51	0.30
Interest Service Coverage ratio : [(Earnings before interest^, depreciation and amortisation, exceptional items and tax)/ Interest^ on debt for the period/ year]	Times	1.19	1.36	1.51	1.27	0.76	0.49
Outstanding redeemable preference shares	₹ Crore	-	-	-	-	-	-
Debenture Redemption reserve	₹ Crore	54.99	54.99	54.99	54.99	54.99	54.99
Net Worth : (Equity Share Capital + other equity less capital reserves)	₹ Crore	(695.11)	(633.73)	(770.31)	(695.11)	(770.31)	(754.08)
Net Profit/ (Loss) after tax	₹ Crore	6.38	43.59	310.29	49.97	29.62	(52.51)
Basic earnings/ (loss) per share (Not annualised for the quarter and six month)	₹	0.04	0.20	2.05	0.33	0.20	(0.35)
Diluted earnings/ (loss) per share (Not annualised for the quarter and six month)	₹	0.04	0.29	2.05	0.33	0.20	(0.35)
Current Ratio : (Current assets/ Current liabilities)	Times	1.07	1.09	1.05	1.07	1.05	1.09
Long-term debt to working capital : [(Non-current Borrowings + Current maturities of long-term debt)/ Net working capital]	Times	4.20	7.82	14.76	4.20	14.76	8.29
Bad debts to accounts receivable ratio : (Bad debts/ Average trade receivables)	%	-	-	-	-	-	-
Current liability ratio : (Current liabilities/ Total liabilities)	Times	0.65	0.50	0.53	0.65	0.53	0.51
Total debts to total assets ratio : [(Non-current Borrowings + Current Borrowings)/ Total Assets]	Times	0.33	0.40	0.45	0.33	0.45	0.40
Debtors Turnover : [(Revenue from operations/ Average trade receivable)] - Annualised	Times	2.71	2.76	2.50	2.72	2.47	2.22
Inventory Turnover : [(Cost of Goods Sold/ Average inventory)] - Annualised Cost of Goods sold = Cost of materials consumed + Subcontracting expenses	Times	10.86	10.92	13.08	10.93	14.11	13.11
Operating Margin : [(Earnings before finance costs, depreciation and amortisation, exceptional items and tax less Other Income)/ Revenue from operations]	%	14.07%	15.58%	15.20%	14.84%	8.24%	6.72%
Net Profit/ (Loss) Margin : [Profit/ (Loss) after tax/ Revenue from operations]	%	0.35%	2.26%	13.75%	1.33%	0.00%	-0.64%

Notes:
a) The Holding Company continue to maintain 100% asset cover for the Non Convertible Debentures issued by it.
b) Excludes discontinued operations.
^ Excludes interest expenses on interest on advance from customers.

for Hindustan Construction Company Limited

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Mumbai, Dated : 09 November 2023

Walker Chandiok & Co LLP
3rd floor, Unit No. 309 to 312,
West Wing, Nyati Unitree
Nagar Road, Yerwada,
Pune - 411006
Maharashtra, India
T +91 20 6744 8888
F +91 20 6744 8899

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures (refer Annexure 1 for the list of subsidiaries, associates, joint ventures and joint operations included in the Statement) for the quarter ended **30 September 2022** and the consolidated year to date results for the period 1 April 2022 to 30 September 2022, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the Listing Regulation, to the extent applicable.

4. As stated in Note 3 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore as at 30 September 2022 mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the Holding Company's history of losses, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 30 September 2022.

   Our audit report dated 12 May 2022 on the consolidated audited financial result for the year ended 31 March 2022 and review reports dated 4 August 2022 and 11 November 2021 on the consolidated unaudited financial results for the quarter ended 30 June 2022 and for the quarter and six months ended 30 September 2021, respectively was also qualified in respect of this matter.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraphs 7 and 8 below, except for the possible effects of the matter described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to:

   (i) Note 5 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 723.87 crore, ₹ 218.29 and ₹ 57.52 crore, respectively, as at 30 September 2022, which represent various receivables in respect of closed/ substantially closed/ terminated projects. These aforementioned receivables 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 Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables. Our conclusion is not modified in respect of the above matter.

   (ii) Note 10 to the accompanying Statement, pertaining to matter on which following emphasis of matter has been included in the review report dated 31 October 2022 on the financial results of HREL Real Estate Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

   "Note XX to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating ₹ 6,592.14 crore (previous year: ₹ 6,069.65 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively and Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National

Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any is currently unascertainable."

(iii) Note 9 to the accompanying Statement, pertaining to matter on which following emphasis of matter included in the review report dated 7 November 2022 on the financial results of Raiganj - Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, on matters which are relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Note XX and XX of notes to accounts, the Company had taken term loans from consortium of banks and financial institution. The Company borrowings have been classified as non-performing assets by the lenders due to defaults in payment of related dues. Balances of outstanding borrowings from the lenders including interest thereon, as recorded in books of accounts of Company are unconfirmed."

7. We did not review the interim financial statements/ interim financial information of nineteen (19) subsidiaries included in the Statement, whose financial statements/ financial information reflect total assets of ₹ 8,481.00 crore as at 30 September 2022, and total revenues of ₹ 1,323.28 crore and ₹ 2,639.30 crore, net profit/ (loss) after tax of ₹ 19.67 crore and ₹ (104.44) crore, total comprehensive income/ (loss) of ₹ 21.15 crore and ₹ (103.56) crore, for the quarter and six-month period ended 30 September 2022, respectively, and cash outflows net of ₹ 92.67 crore for the period ended 30 September 2022, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 1.31 crore and ₹ 2.75 crore and total comprehensive income of ₹ 1.31 crore and ₹ 2.75 crore, for the quarter and six-month period ended 30 September 2022, respectively, as considered in the Statement, in respect of three (3) associates and two (2) joint ventures, whose interim financial information have not been reviewed by us. These interim financial statements/ interim financial information have been reviewed by other auditors, whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

8. We did not review the interim financial information of one (1) joint operation included in the Statement, where such interim financial information reflects group's share of total assets of ₹ 87.92 crore as at 30 September 2022, and total revenues of ₹ 49.77 crore and ₹ 95.10 crore, total net profit after tax of ₹ 0.93 crore and ₹ 1.77 crore, and total comprehensive income of ₹ 0.93 crore and ₹ 1.77 crore, for the quarter and six-month period ended on 30 September 2022, respectively, and cash outflows (net) of ₹ 2.60 crore for the six-month period ended 30 September 2022, as considered in the Statement. Such interim financial information has been reviewed by another auditor, whose report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this joint operation, is based solely on the review report of such other auditor and procedure performed by us as stated in paragraph 3 above.

Further, the aforementioned interim financial information of the above joint operation has been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Holding Company's management has converted such interim financial information of the joint operation in accordance with Ind AS. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of this joint operation is based on the review report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Our conclusion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditor.

9. The Statement includes the interim financial statements/ interim financial information of eight (8) subsidiaries, which have not been reviewed/ audited by their auditors, whose interim financial statements/ interim financial information reflect total assets of ₹ 14.03 crore as at 30 September 2022, and total revenues of ₹ 0.07 crore and ₹ 0.07 crore, net profit after tax of ₹ 0.05 crore and ₹ 0.09 crore, total comprehensive income of ₹ 0.05 crore and ₹ 0.09 crore for the quarter and six month ended on 30 September 2022 respectively, cash outflow (net) of ₹ 0.13 crore for the period ended 30 September 2022 as considered in the Statement, and have been furnished to us by the Holding Company's management.

   Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, are based solely on such unaudited/ unreviewed interim financial statements interim financial information/ interim financial results. According to the information and explanations given to us by the management, these Interim financial Statements/Interim financial information/ Interim financial results are not material to the Group Our conclusion is not modified to this respect of this matter with respect to our reliance on the interim financial statements/ interim financial information/ interim financial results certified by the Board of Directors.

10. The Statement includes the interim financial statements/ interim financial information of six (6) joint operations, which have not been reviewed/ audited by their auditors, whose interim financial information reflects group's share total assets of ₹ 19.99 crore as at 30 September 2022, and total revenues of ₹ 0.28 crore and ₹ 0.47 crore, net loss after tax of ₹ 0.26 crore and ₹ 0.41 crore, total comprehensive loss of ₹ 0.26 crore and ₹ 0.41 crore for the quarter and six-month ended 30 September 2022, respectively, and cash outflow (net) of ₹ 0.88 crore for the six-month period ended 30 September 2022, as considered in the Statement. These interim financial statements/ interim financial information have been furnished to us by the Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, are based solely on such unreviewed/ unaudited interim financial information. According to the information and explanations given to us by the management, these interim financial statements/ interim financial information are not material to the Company.

    Our conclusion is not modified in respect of this matter with respect to our reliance on the aforesaid financial information certified by the Board of Directors.

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

SHASHI TADWALKAR

Digitally signed by SHASHI TADWALKAR
Date: 2022.11.10 13:35:43 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797BCRPBI8006

Place Pune
Date: 10 November 2022

Annexure 1

List of entities included in the Statement

Subsidiary Companies	
HCC Contract Solutions Limited	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited	Dhule Palesner Operations & Maintenance Limited
Panchkutir Developers Limited	HCC Power Limited
HCC Mauritius Enterprises Limited	HCC Realty Limited
Highbar Technologies Limited	HCC Operation and Maintenance Limited
HCC Infrastructure Company Limited	HCC Energy Limited
HCC Mauritius Investments Limited	Steiner Promotions et Participations SA
HRL Township Developers Limited	Steiner (Deutschland) GmbH
HRL (Thane) Real Estate Limited	VM + ST AG
Nashik Township Developers Limited	Steiner Leman SAS
Maan Township Developers Limited	Steiner India Limited
Manufakt8048 AG	Powai Real Estate Developer Limited
HCC Concessions Limited *	Prolific Resolution Private Limited
Narmada Bridge Tollways Limited *	Baharampore - Farakka Highways Limited *
Badarpur Faridabad Tollways Limited *	Raiganj - Dalkhola Highways Limited *

Associates	
Highbar Technocrat Limited	Evostate Immobillen AG
Evostate AG	MCR Managing Corp. Real Estate

Joint Venture / Joint Operations	
Kumagai-Skanska-HCC-Itochu Group	Alpine - HCC Joint Venture
HCC-L&T Purulia Joint Venture	HCC Samsung Joint Venture CC 34
Alpine - Samsung - HCC Joint Venture	ARGE Prime Tower, Zürich
Nathpa Jhakri Joint Venture	Werkarena Basel AG
HCC- HDC Joint Venture	HCC – VCCL Joint Venture

* The aforementioned entities were Joint Venture of the Group and effective 20 August 2021 have become subsidiaries of the Holding Company.

This space has been intentionally left blank

HCC

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED 30 SEPTEMBER 2022

₹ in crore except earnings per share

Sr. No.	Particulars	Quarter ended			Six month ended		Year ended
		30-Sep-22	30-Jun-22	30-Sep-21	30-Sep-22	30-Sep-21	31-Mar-22
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Revenue from operations	2,498.78	2,228.92	2,775.60	4,727.70	5,229.53	10,669.73
	(b) Other income	16.37	13.99	59.24	30.36	108.59	152.13
	Total income (a+b)	**2,515.15**	**2,242.91**	**2,834.84**	**4,758.06**	**5,338.12**	**10,821.86**
2	Expenses						
	(a) Cost of materials consumed	250.22	242.02	208.45	492.24	372.18	865.06
	(b) Subcontracting expenses	1,547.15	1,593.10	1,847.84	3,140.25	3,633.65	7,112.79
	(c) Changes in inventories	(11.07)	18.25	6.02	7.18	(10.58)	(17.14)
	(d) Construction expenses	88.03	73.84	81.78	161.87	157.28	306.04
	(e) Employee benefits expense	209.47	215.24	235.07	424.71	462.04	931.54
	(f) Finance costs	247.74	262.95	251.53	510.69	499.28	1,030.47
	(g) Depreciation and amortisation expense	32.01	32.22	33.02	64.22	68.74	138.34
	(h) Other expenses	60.33	60.31	72.52	120.64	132.69	278.82
	Total expenses (a+b+c+d+e+f+g+h)	**2,423.88**	**2,497.93**	**2,736.23**	**4,921.80**	**5,315.28**	**10,645.92**
3	**Profit/ (Loss) before exceptional items, share of profit of associates and joint ventures, and tax (1-2)**	**91.27**	**(255.02)**	**98.61**	**(163.75)**	**22.84**	**175.94**
4	Exceptional items - Gain (Refer note 11)	223.30	-	106.10	223.30	106.10	106.10
5	**Profit / (Loss) before share of profit of associates and joint ventures and tax (3+4)**	**314.57**	**(255.02)**	**204.71**	**59.55**	**128.94**	**282.04**
6	Share of profit of associates and joint ventures (net)	1.65	0.44	2.84	2.09	221.74	224.04
7	**Profit / (Loss) before tax (5+6)**	**316.22**	**(254.58)**	**207.55**	**61.64**	**350.68**	**506.08**
8	**Tax expense / (credit)**						
	(a) Current tax	4.84	5.00	3.42	9.84	5.12	46.63
	(b) Deferred tax	(10.48)	21.09	54.44	10.61	27.65	39.80
	Total tax expense	**(5.64)**	**26.09**	**57.86**	**20.45**	**32.77**	**86.43**
9	**Profit / (Loss) for the period/ year from continuing operations (7-8)**	**321.86**	**(280.67)**	**149.69**	**41.19**	**317.91**	**419.65**
10	**Discontinued Operations (Refer note 7)**						
	Profit/ (Loss) from discontinued operations before tax	(2.83)	1.81	(10.46)	(1.02)	1.29	(7.02)
	Tax expense of discontinued operations	-	-	-	-	-	(13.07)
	Profit/ (Loss) from discontinued operations (after tax)	**(2.83)**	**1.81**	**(10.46)**	**(1.02)**	**1.29**	**(20.09)**
11	**Other comprehensive income / (loss)**						
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)						
	- Gain/ (Loss) on fair value of defined benefit plans	0.59	0.28	(13.02)	0.87	(12.69)	82.49
	- Gain / (Loss) on fair value of equity instruments	1.37	(4.06)	(2.97)	(2.69)	2.01	7.09
	(b) Items to be reclassified subsequently to profit or loss						
	- Translation gain / (loss) relating to foreign operations	(19.15)	28.30	0.57	9.15	(3.75)	(4.51)
	Other comprehensive income / (loss) for the period/ year, net of tax (a+b)	**(17.19)**	**24.52**	**(15.42)**	**7.33**	**(14.43)**	**85.07**
12	**Total comprehensive income / (loss) for the period/ year, net of tax (9+10+11)**	**301.84**	**(254.34)**	**123.81**	**47.50**	**304.77**	**484.63**
	Profit / (loss) for the period/ year attributable to:						
	Owners of the parent	319.03	(278.86)	139.23	40.17	319.20	399.56
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	0.00*
	Other comprehensive income / (loss) for the period/ year attributable to:						
	Owners of the parent	(17.19)	24.52	(15.42)	7.33	(14.43)	85.07
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	0.00*
	Total comprehensive income / (loss) for the period/ year attributable to:						
	Owners of the parent	301.84	(254.34)	123.81	47.50	304.77	484.63
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	0.00*
13	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31	151.31
14	Other equity (excluding revaluation reserves)						(935.95)
15	**Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations**						
	(a) Basic EPS (not annualised) (in ₹)	2.13	(1.86)	0.99	0.27	2.10	2.77
	(b) Diluted EPS (not annualised) (in ₹)	2.13	(1.86)	0.99	0.27	2.10	2.77
	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations						
	(a) Basic EPS (not annualised) (in ₹)	(0.02)	0.01	(0.07)	0.00	0.01	(0.13)
	(b) Diluted EPS (not annualised) (in ₹)	(0.02)	0.01	(0.07)	0.00	0.01	(0.13)
	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations						
	(a) Basic EPS (not annualised) (in ₹)	2.11	(1.85)	0.92	0.27	2.11	2.64
	(b) Diluted EPS (not annualised) (in ₹)	2.11	(1.85)	0.92	0.27	2.11	2.64
	* represents amount less than ₹ 1 lakh See accompanying notes to the consolidated unaudited financial results						

Hindustan Construction Co Ltd
Hincon House,
LBS Marg, Vikhroli (West),
Mumbai - 400 083, India
Tel : +91 22 2575 1000 Fax : +91 22 2577 7568
CIN : L45200MH1926PLC001228

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W)

www.hccindia.com

HCC

CONSOLIDATED UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

₹ in crore

Particulars	As at 30 September 2022	As at 31 March 2022
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	392.37	436.23
Right-of-use assets	202.64	217.61
Capital work-in-progress	-	0.68
Investment property	2.85	2.79
Goodwill	3.38	3.38
Other intangible assets	66.42	62.54
Investments in associates and joint ventures	22.66	20.47
Financial assets		
Investments	19.96	37.90
Trade receivables	1,083.84	235.75
Loans	42.64	57.32
Other financial assets	3,049.03	42.65
Deferred tax assets (net)	743.11	743.15
Income tax assets (net)	136.26	93.53
Other non-current assets	63.57	67.90
Total non-current assets	5,828.73	2,021.90
Current assets		
Inventories	487.68	484.84
Financial assets		
Investments	0.68	0.66
Trade receivables	1,573.15	2,090.96
Cash and cash equivalents	413.31	720.97
Bank balances other than cash and cash equivalents	859.88	821.42
Other financial assets	321.05	284.24
Unbilled work-in-progress (contract assets)	3,093.69	3,729.03
Other current assets	303.01	322.98
	7,052.45	8,455.10
Assets of disposal groups held for sale (Refer notes 2 and 7)	1,057.45	3,719.00
Total current assets	8,109.90	12,174.10
TOTAL ASSETS	13,938.63	14,196.00
EQUITY AND LIABILITIES		
Equity		
Equity share capital	151.31	151.31
Other equity	(890.13)	(935.95)
Equity attributable to owners of the parent	(738.82)	(784.64)
Non-controlling interest	0.00*	0.00*
Total Equity	(738.82)	(784.64)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	5,041.67	1,178.47
Lease liabilities	214.07	225.12
Other financial liabilities	1,531.46	1,554.89
Provisions	96.70	124.05
Deferred tax liabilities (net)	42.03	31.45
Total non-current liabilities	6,925.93	3,113.98
Current liabilities		
Financial liabilities		
Borrowings	439.15	612.81
Lease liabilities	1.04	1.70
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	94.52	80.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,775.19	2,986.50
Other financial liabilities	843.21	1,407.32
Other current liabilities	2,240.05	2,444.92
Current tax liabilities (net)	141.86	99.20
Provisions	410.20	467.10
	6,945.22	8,099.55
Liabilities of a disposal group held for sale (Refer notes 2 and 7)	806.30	3,767.11
Total current liabilities	7,751.52	11,866.66
TOTAL EQUITY AND LIABILITIES	13,938.63	14,196.00

* represents amount less than ₹ 1 lakh

See accompanying notes to the consolidated unaudited financial results

www.hccindia.com

Construction Company, Hincon House, L.B.S. Road, Vikhroli (W)

HCC

STATEMENT OF UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

₹ in crore

Particulars	Six month ended 30 September 2022 Unaudited	Six month ended 30 September 2021 Unaudited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/ (loss) before tax from:		
Continuing operations	61.64	351.98
Discontinued operations	(1.02)	1.29
Adjustments for:		
Depreciation and amortisation expense	64.22	68.74
Finance costs	510.69	499.28
Interest income	(9.50)	(48.01)
Gain on implementation of resolution plan (Refer note 2)	(223.30)	-
Gain on one-time settlement of debt	-	(134.35)
Share of profit of associates and joint ventures	(2.09)	(223.59)
Dividend income	(2.02)	(1.02)
Unrealised foreign exchange gain	(0.67)	(0.82)
Profit on disposal of property, plant and equipment (net)	(2.95)	(7.15)
Provision no longer required written back	(6.57)	(0.32)
	327.81	152.76
Operating profit before working capital changes	388.43	506.03
Adjustments for changes in working capital:		
Increase in inventories	(2.84)	(19.20)
Decrease/ (increase) in trade receivables	(17.85)	469.44
(Increase)/ decrease in current/ non-current financial, other assets and unbilled work-in-progress	63.92	(403.77)
(Decrease)/ increase in trade payables, other financial liabilities, other liabilities and provisions	(512.46)	208.61
Cash (used in)/ generated from operations	(80.80)	761.11
Direct taxes (paid)/ refunded (net)	(9.91)	25.47
Net cash (used in)/ generated from operating activities	(90.71)	786.58
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress, capital advances/ payables)	(78.60)	(1.04)
Proceeds from sale of property, plant and equipment	6.54	23.73
Proceeds from sale of investments	1.48	-
Investments in bank deposits {net}	(39.20)	(497.98)
Interest received	6.80	48.02
Dividend received	2.02	1.02
Net cash used in investing activities	(100.96)	(426.26)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/ (repayment of) non-current borrowings	15.13	(21.82)
Repayment of short-term borrowings (net)	(18.96)	(277.40)
Repayment of lease obligation	(11.71)	(10.24)
Interest and other finance charges paid	(106.21)	(220.82)
Net cash generated used in financing activities	(121.75)	(530.28)
Net decrease in cash and cash equivalents (A+B+C)	(313.42)	(169.95)
Cash and cash equivalents at the beginning of the period	720.97	642.13
Impact of business combination	-	418.14
Unrealised foreign exchange gain	5.76	6.27
Cash and cash equivalents at the end of the period	413.31	896.59

The above statement of cash flow has been prepared under the "Indirect method" as set out in Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows.

Hindustan Construction Company Ltd. Hincon House, L.B.S. Road, Vikhroli (W) Mumbai 83

www.hccindia.com

HCC

Notes:

1 The consolidated unaudited financial results of Hindustan Construction Company Limited (the 'Holding Company' or 'HCC') for the quarter and six month ended 30 September 2022 have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act'). These results have been reviewed and recommended to the Board of Directors by the Audit Committee and subsequently approved by the Board of Directors of the Holding Company at their respective meetings held on 10 November 2022.

2 During the current quarter, the Holding Company has successfully implemented its debt resolution plan in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019 and pursuant to the approval granted by the Members in their Extra- Ordinary General Meetings held on 29 June 2021 and 23 March 2022. The key highlights of the Debt Resolution Plan are as follows:

a) Effective 1 July 2022, the Holding Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Holding Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,894.11 crore in favor of PRPL;

b) PRPL has issued and allotted 28,544 non-convertible debentures ('NCD') having a face value of ₹ 1,000,000 each at par for the consideration other than cash aggregating ₹ 2,854.40 crore representing the debt novated to PRPL by the Company and the balance amounting to ₹ 1.29 crore has been paid upfront to the lenders;

c) The Holding Company has furnished Corporate Guarantee in favor of the PRPL's lenders for debt novated to PRPL as well as pledge of shares held by the Holding Company in PRPL to secure the above NCD's;

d) The specified terms of facilities have been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Group, whose liabilities were taken over in earlier years by the Holding Company pursuant to Put options and Corporate Guarantees issued by the Holding Company to LCL lenders; and

e) Upon the repayment of PRPL's liabilities, the beneficial interest of the PRPL's assets yet to be recovered or outstanding shall be assigned/ transferred and distributed between HCC and lenders of PRPL as per agreed terms and conditions.

Consequent to the above, effective 1 July 2022, assets and liabilities aggregating ₹ 2,894.11 crore and ₹ 2,855.69 crore, respectively, have been transferred from HCC to PRPL. In addition, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, has been recognised in Statement of Profit and Loss and has been presented as an exceptional item.

3 As at 30 September 2022, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore (30 June 2022: ₹ 741.74 crore, 31 March 2022: ₹ 741.74 crore and 30 September 2021: ₹ 739.28 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Holding Company is confident of taxable profits being available against which unused tax losses can be utilized, the Company on prudent basis is not recognizing additional deferred tax asset on the tax losses.
Based on the successful implementation of the resolution plan with lenders of the Holding Company, expected profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards, the Holding Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 30 September 2022 will be realized. Statutory auditors review report is modified in respect of this matter.

4 On 29 September 2022, the Holding Company has obtained approval from shareholders by way of a special resolution in the Annual General Meeting for payment of managerial remuneration to Whole Time Directors ('WTDs') for the financial year ending 31 March 2023 aggregating ₹ 10.50 crore. Consequent to the successful implementation of the resolution plan by the Company effective 26 September 2022, the Company was no longer required to obtain the prior approval from lenders.

Further, the managerial remuneration to WTDs for the period 1 April 2019 to 31 March 2022 aggregating ₹ 41.65 crore was accrued, of which ₹ 6.41 crore was paid, for which the approval from shareholders were obtained but the requisite approval from lenders were awaited. In the absence of the specific approval from lenders, the Holding Company has decided to reverse/ adjust the aforementioned managerial remuneration from WTDs. In view of the successful implementation of the resolution plan with lenders, the Holding Company has also decided to make payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to WTDs for the period 01 April 2019 to 31 March 2022 and shareholders approval in the Annual General Meeting held on 29 September 2022 by way of a special resolution has been obtained.

The aforementioned payments are in accordance with section 197 of the Act and no further approvals are required to be obtained by the Holding Company.

5 Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivable includes ₹ 723.87 crore, ₹ 218.29 crore and ₹ 57.52 crore, respectively, outstanding as at 30 September 2022 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ terminated projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work; for which the Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

6 During the current quarter, the Holding Company has successfully implemented the resolution plan with lenders (refer note 2 above) and consequently as at 30 September 2022 the Holding Company has no continuing default in payment of dues to financials creditors. However there are delays in payments of dues to operational creditors by the Holding Company. Based on the successful implementation of the resolution plan by the Holding Company with lenders as well as the Group's future business plans, the management is confident of time-bound monetization of assets including arbitration awards, claims and other assets and meeting the obligations as they fall due. Accordingly, the management considers it appropriate to prepare these financial results on a going concern basis.

7 HCC Concessions Limited ('HCON'), on 1 February 2022, has entered into a binding term sheet for 100% stake sale of its subsidiary i.e Baharampore Farakka Highways Limited (BFHL), for a equity consideration of ₹ 600 crore subject to closing adjustments and requisite approvals. Additionally, HCON would be entitled to certain earn-outs, which is expected to be material.
Pursuant to the above, BFHL has been presented as discontinued operations in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. The requisite disclosures in accordance with Ind AS 105 are given below:

(₹ crore)

Particulars	Quarter ended			Six month ended		Year ended
	30-Sep-22	30-Jun-22	30-Sep-21	30-Sep-22	30-Sep-21	31-Mar-22
Revenue from operations	90.84	70.92	26.28	161.76	26.28	249.12
Other income	2.13	2.34	3.38	4.47	3.38	10.55
Total income	**92.97**	**73.26**	**29.66**	**166.23**	**29.66**	**259.67**
Total expenses	95.80	71.45	40.12	167.25	40.12	266.69
Profit/ (Loss) before tax	**(2.83)**	**1.81**	**(10.46)**	**(1.02)**	**(10.46)**	**(7.02)**
Tax expense on profit on sale of discontinued operation	-	-	-	-	-	13.07
Profit/ (Loss) from sale of discontinued operations,	**(2.83)**	**1.81**	**(10.46)**	**(1.02)**	**(10.46)**	**(20.09)**

* In accordance with Ind AS 105, disclosures for prior period are also required to be presented in respect of discontinuing operations. However, as BFHL has become subsidiary of the Group effective 20 August 2021, requisite disclosures under Ind AS 105 have been presented effective 20 August 2021 onwards.

8 The Board of Directors of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary of the Holding Company, at its meeting held on 18 November 2021 approved a Scheme of Merger by absorption ("the Scheme') of HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited (together referred to as the 'transferor companies') with HICL. The appointed date proposed is 1 April 2021. The shareholders of the transferor companies have approved the Scheme at their separate meetings and the said Scheme is pending for requisite approval from Mumbai Bench of the National Company Law Tribunal (NCLT). The Group's petition has been admitted by NCLT on 14 September 2022 and final hearing is scheduled on 23 November 2022.

9 Short-term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), a wholly owned step-down subsidiary, as at 30 September 2022 includes ₹ 77.35 crore and ₹ 77.12 crore, respectively in respect of which confirmation have not been received. In the absence of confirmation from the lenders/ bankers, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders/ bankers at the terms specified in the agreements. RHDL's management believes that amount payable will not exceed the liability provided in books in respect of these borrowings. Further, the classification of these borrowings into current and non-current is based on the original maturity terms as stated in the agreements with the lenders/ bankers.

10 HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 30 September 2022 stands at ₹ 6,592.14 crore.
LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process ('CIRP') in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professional ('RP') have been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debt due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial results as at and for the quarter and six months ended 30 September 2022, as impact, if any, is currently unascertainable. Further, the aforementioned liabilities of lenders are restricted to HREL and do not have any recourse to the Holding Company.

(₹ crore)

11	Exceptional items	Quarter ended			Six month ended		Year ended
		30-Sep-22	30-Jun-22	30-Sep-21	30-Sep-22	30-Sep-21	31-Mar-22
	a) Gain on implementation of resolution plan (Refer note 2)	223.30	-	-	223.30	-	-
	b) Gain on one-time settlement of debt	-	-	106.10	-	106.10	106.10
	Total gain	**223.30**	-	**106.10**	**223.30**	**106.10**	**106.10**

12 The Group's operations used to predominantly relate to 'Engineering and Construction', 'Infrastructure' and 'Real Estate' until previous quarter. However, pursuant to monetisation of toll road assets by Infrastructure arm of the group, all the segments other than 'Engineering and Construction' contribute less than 10% of the total revenue and Chief Operating Decision Maker ('CODM') no longer reviews the operating results of these segments separately. Presently, the CODM reviews the operating results of the entire Group as one segment of 'Engineering and Construction' thus, as defined in Ind AS 108 "Operating Segments", the Group's entire business falls under this one operational segment.

13 Figures for the previous period/ year have been regrouped/ reclassified to conform to the current period presentation, wherever considered necessary.

Hindustan Construction Company Ltd. Hincon House, L.B.S. Road, Vikhroli (W)

HCC

14 Additional disclosures as per Clause 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Quarter ended			Six month ended		Year ended
	30-Sep-22 Unaudited	30-Jun-22 Unaudited	30-Sep-21 Unaudited	30-Sep-22 Unaudited	30-Sep-21 Unaudited	31-Mar-22 Audited
Outstanding redeemable preference shares (₹ in crore)	-	-	-	-	-	-
Debenture Redemption reserve (₹ in crore)	54.99	54.99	54.99	54.99	54.99	54.99
Net Worth (₹ in crore) (Equity Share Capital + other equity less capital reserves)	(770.31)	(1,068.99)	(1,000.71)	(770.31)	(1,000.71)	(816.13)
Net Profit/ (Loss) after tax (₹ in crore)	321.86	(280.67)	149.69	41.19	317.91	419.65
Basic earnings/(loss) per share (Not annualised)	2.13	(1.86)	0.99	0.27	2.10	2.77
Diluted earnings/(loss) per share (Not annualised)	2.13	(1.86)	0.99	0.27	2.10	2.77
Debt Equity ratio (times): (Total Debt / Equity Share Capital + other equity)	(7.98)	(4.56)	(4.83)	(7.98)	(4.83)	(6.03)
Debt Service Coverage ratio (times) : (Earnings before interest^, depreciation and amortisation, exceptional items and tax) / (Interest^ on debt for the period/year + Principal repayment of long-term debt and lease liabilities within one year) - Annualised	1.28	0.05	0.77	0.67	0.84	0.78
Interest Service Coverage ratio (times) : [(Earnings before interest^, depreciation and amortisation, exceptional items and tax) / Interest expenses^]- Annualised	1.53	0.11	1.55	0.80	1.66	1.56
Current Ratio (times) : (Current assets / Current liabilities)	1.05	0.94	1.00	1.05	1.00	1.03
Long-term debt to working capital (times) : [(Non-current Borrowings + Current maturities of long-term debt) / Net working capital]	16.11	(3.05)	64.26	16.11	64.26	7.10
Bad debts to accounts receivable ratio (%) : (Bad debts / Average trade receivables)	-	-	-	-	-	-
Current liability ratio (times) : (Current liabilities / Total liabilities)	0.53	0.79	0.74	0.53	0.74	0.79
Total debts to total assets ratio (times) : [(Non-current Borrowings + Current Borrowings)/Total Assets]	0.44	0.35	0.35	0.44	0.35	0.35
Debtors Turnover (times) : [(Revenue from operations / Average trade receivable)] - Annualised	2.76	1.94	2.62	2.60	2.43	2.34
Inventory Turnover (times) : [(Cost of Goods Sold / Average inventory)] - Annualised Cost of Goods sold = Cost of materials consumed + Subcontracting expenses + Construction expenses	15.54	16.03	17.16	15.64	16.98	17.14
Operating Margin (in %) : [(Earnings before finance costs, depreciation and amortisation, exceptional items and tax - Other Income) / Revenue from operations]	13.71%	0.56%	10.95%	7.51%	13.24%	12.65%
Net Profit /(Loss) Margin (%) : [Profit (Loss) after tax / Revenue from operations]	12.88%	-12.59%	5.00%	0.87%	6.09%	3.93%

Notes :
a) The Company continue to maintain 100% asset cover for the NCD issued by it.
b) Excludes discontinued operations

^ Excludes interest expenses on financial liabilities of an erstwhile subsidiary taken over by the Company and interest on advance from customers.

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

for **Hindustan Construction Company Limited**

Ajit Gulabchand

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 10 November 2022

www.hccindia.com

Walker Chandiok & Co LLP

11th floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharshtra, India
T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Report

To the Members of Hindustan Construction Company Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at **31 March 2023**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures, as at 31 March 2023, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.93 crore as at 31 March 2023, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2023.

Our audit report dated 12 May 2022 on the consolidated audited financial statements for the year ended 31 March 2022 was also qualified in respect of this matter.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraphs 19 and 20 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

5. In relation to the matters described in Note 49 to the accompanying consolidated financial statements and the following Material Uncertainty Related to Going Concern paragraph included in audit report on the consolidated financial statements of Steiner AG, a step-down subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 27 April 2023 which is reproduced by us as under:

   "We draw attention to the note XX of the consolidated financial statements describing the performance of the company given its challenging business situations and resulting liquidity difficulties it faced as at 31 March 2023. Furthermore, the company's syndicated bank guarantee agreement is valid up to 15 May 2023. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The company's ability to continue as a going concern depends on whether it can achieve the proposed liquidity measures."

6. In relation to the matter described in Note 39 to the accompanying consolidated financial statements and the following Emphasis of Matter paragraph included in the audit report of the financial statement of Raiganj-Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 16 May 2023, which is reproduced by us as under:

   "Note XX, XX & XX of notes to accounts, the Company had taken term loans from consortium of banks and financial institution. The Company borrowings have been classified as non-performing assets by the lenders due to defaults in payment of related dues. Balances of outstanding borrowings from the lenders including interest thereon, as recorded in books of accounts of Company are unconfirmed. Moreover, Yes Bank has assigned entire RDHL loan/ facility to J.C. Flowers Asset Reconstruction Pvt. Ltd. ("JCF ARC") for which the Company is in process to obtain detailed loan statements, terms of repayment and interest rate etc."

7. In relation to the matter described in Note 37 to the accompanying consolidated financial statements and the following Emphasis of Matter paragraph included in the audit report of the financial statements of HREL Real Estate Limited, a subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 8 May 2023, which is reproduced by us as under:

   "Note XX to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating ₹ 7,275.47 crore (previous year ₹ 6,069.65 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any, is currently unascertainable."

   Our opinion is not modified in respect of the above matters.

Key Audit Matters

8. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

9. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
(a) Accounting of novation of specified debt and assignment of specified arbitration awards and claims pursuant to implementation of debt resolution plan as per the terms of Master Framework Agreement ('MFA') (Refer note 34.1 to the consolidated financial statements)	
During the current year, the Holding Company has successfully implemented its debt resolution plan as per the terms of Master Framework Agreement ('MFA') in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019. Consequent to the aforementioned debt resolution plan, effective 1 July 2022: • The Holding Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Holding Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,894.11 crore in favor of PRPL; • The Holding Company has also furnished a Corporate Guarantee in favor of lenders for debt novated to PRPL; • The specified terms of facilities have also been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Holding Company, whose liabilities were taken over in earlier years by the Holding Company pursuant to put options and corporate guarantees issued by the Holding Company to LCL lenders.	Our audit procedures included but were not limited to the following in relation to accounting of debt resolution plan and the treatment of resultant difference arising from such debt resolution: • Obtained an understanding of the terms of the MFA from the management. • Evaluated the design and implementation and tested the operating effectiveness of the key internal controls relating to accounting, measurement and de-recognition of specified debt and specified arbitration awards and claims as per the terms of MFA. • Reviewed the terms of the MFA to assess whether the derecognition of specified debt and specified awards and claims was in accordance with the criteria given under Ind AS 109, 'Financial Instruments' ('Ind AS 109'); • Verified that the resultant net difference between debts novated and specified awards and claims assigned in favour of PRPL has been recognised in accordance with Ind AS 109 in the standalone financial statements of the Holding Company; • Verified the accounting treatment for revision in the terms of original facilities by the lenders is in accordance with Ind AS 109; and • Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS MUMBAI

Key audit matter	How our audit addressed the key audit matter
Accordingly, effective 1 July 2022, the aforementioned assets aggregating ₹ 2,894.11 crore and aforementioned liabilities aggregating ₹ 2,855.69 crore have been derecognised by the Holding Company. The net assets transferred to PRPL represents Holding Company's investment in PRPL and consequently the resultant net difference between assets and liabilities of ₹ 38.42 crore has been recognised as Deemed Investment in PRPL in the standalone financial statements of the Holding Company. Further, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, was recognised in the Statement of Profit and Loss and presented as an exceptional item. The accounting treatment with respect to the derecognition of the novated debt and assigned assets as well as the recognition of the deemed investment and resulting gain due to revision of terms of facilities involved exercise of significant judgement by management and managements expert. Considering the complexities involved and material impact on the consolidated financial statement for the current year, this area has been considered as key audit matter.	
(b) Recognition of contract revenue, margin and contract costs (Refer note 26 to the consolidated financial statements)	
The Group's revenue primarily arises from construction contracts which, by its nature, is complex given the significant judgements involved in the assessment of current and future contractual performance obligations. The Group recognizes contract revenue and the resultant profit/ loss on the basis of stage of completion determined based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of contract revenue and the resultant profit/ loss therefore rely on estimates in relation to forecast revenue and forecast contract costs. These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise judgement in its assessment of the transaction price (i.e.revenue on contracts) which may also include variable considerations that are recognised when the recovery of such consideration is highly probable. The judgment is also required to be exercised to assess the completeness and accuracy of forecast costs to complete.	Our audit procedures to address this key audit matter included, but were not limited to the following: ◦ Obtained an understanding of the Group's revenue recognition processes and evaluated the appropriateness of the Group's accounting policy for revenue recognition in accordance with Ind AS 115 – Revenue from contracts with customers; ◦ Evaluated the design and tested the operating effectiveness of key internal financial controls including those related to estimation of forecasted contract revenue and contracts costs; ◦ For a sample of contracts, performed the following procedures: - inspected the underlying documents such as customer contract/ agreement and variation orders, if any, for the significant contract terms and conditions; - evaluated the identification of performance obligations of the contract;

WALKER CHANDIOK & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margins. As a result of the above judgments, complexities involved and material impact on the related financial statement elements, this area has been considered a key audit matter in the audit of the consolidated financial statements.</td><td>- obtained an understanding of and evaluated the reasonableness of the assumptions applied in determining the forecasted revenue and cost to complete;

- tested the existence and valuation of variable consideration with respect to the contractual terms and conditions and inspected the correspondence with customers; and

- reviewed the legal and contracting experts' note and/ or legal opinion from independent legal counsel obtained by the management, if any;

- For cost incurred to date, tested samples to appropriate supporting documents and performed cut-off procedures;

- Tested the forecasted cost by obtaining executed purchase orders/ agreements/ relevant documents and evaluated the reasonableness of management judgements/ estimates; and

o Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the consolidated financial statements in accordance with the applicable accounting standards.</td></tr>
<tr><td colspan="2">(c) Uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables (Refer note 38 of the consolidated financial statements)</td></tr>
<tr><td>The Holding Company, as at 31 March 2023, has unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 602.33 crore, ₹ 255.69 crore and ₹ 57.52 crore, respectively, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. The Holding Company is at various stages of negotiations/ discussions / arbitration/ litigation with the customers in respect of the aforementioned receivables.

Management, based on contractual tenability, progress of the negotiations/ discussions/ arbitration/ litigation and relying on the legal opinion obtained from independent legal counsel in certain cases, has determined that no provision is required to be recognised for the aforementioned receivables.

Considering the materiality of the amounts involved, uncertainty associated with the outcome of the negotiations/ discussions/ arbitration/ litigation and significance of management judgement involved in assessing the recoverability, this was considered to be a key audit matter in the audit of the consolidated financial statements.</td><td>Our audit procedures included, but were not limited to, the following:

o Obtained an understanding of the management process and evaluated the design and tested the effectiveness of key internal financial controls for assessing the recoverability of unbilled work-in-progress (contract assets) and trade receivables.

o Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of these receivables and validated them with corroborating evidence;

o Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables;

o Obtained an understanding of the current period developments for respective receivables pending at various stages of negotiations/ discussions/ arbitration/ litigation and corroborated the updates with relevant underlying documents.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Further, the aforementioned matter as fully explained in Note 38 to the consolidated financial statements is also considered fundamental to the user's understanding of the consolidated financial statements.</td><td>o Reviewed the legal and contractual experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters; and

o Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.</td></tr>
<tr><td colspan="2">(d) Assessment of going concern basis of accounting (Refer Note 2(v)(a) to the consolidated financial statements)</td></tr>
<tr><td>The Group has incurred continued losses in the previous years, resulting in substantial erosion of its net worth. Further, the Holding Company was also in continued default on payment to its lenders and had overdue payments to operational creditors of which certain creditors also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, however, none of which have been admitted so far.

During the current year, the Holding Company has successfully implemented the debt resolution plan as explained in Note 34.1 to the consolidated financial statements. Consequently, the Holding Company is no longer in default in repayment of dues to its lenders as at 31 March 2023. Management has prepared future cash flow forecasts to assess the Group ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern.

We have considered the assessment of management's evaluation of Group's ability to continue as a going concern as a key audit matter for the current year audit due to the pervasive impact thereof on the consolidated financial statements and the significant management judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and determination of the overall conclusion by the management.</td><td>Our audit procedures included but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting:

o Obtained an understanding of the process followed by management for assessing the Group's ability to continue as a going concern. Also, obtained an understanding around the methodology adopted by the Group to assess their future business performance including the preparation of a cash flow forecast for the business;

o Evaluated the design and tested the operating effectiveness of key controls relating to management's assessment of going concern;

o Obtained from management, the projected cash flows for the next twelve months basis their future business plans;

o Inspected the relevant underlying documents for assessing the appropriateness of projected cash flow for the next 12 months;

o Tested the appropriateness of the key assumptions used by the management that had the most material impact on the cash flow forecasts and discussed these assumptions with the management and with those charged with governance;

o Performed independent sensitivity analysis to test the impact of the variations on the cash flows due to change in the key assumptions;

o In addition to above procedures performed by us, the component auditor of Steiner AG, a wholly-owned subsidiary of the Group, has obtained and reviewed the weekly liquidity measures undertaken by such component and obtained amendment to the bank syndicated agreement; and.

o Assessed the appropriateness and adequacy of the disclosures, in respect of use of going concern assumption for preparation of consolidated financial statement in accordance with the applicable accounting standards.</td></tr>
</table>

WALKER CHANDIOK & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Information other than the Consolidated Financial Statements and Auditor's Report thereon

10. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board Report, Report on Corporate Governance and Management Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

    Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

    In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

    As described in the Basis for Qualified Opinion section above, the modification pertains to realisability of net deferred tax assets recognised by the Holding Company. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

11. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, and its associate companies and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

12. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

13. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

15. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associates and joint ventures, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

19. We did not audit the financial statements of twenty-seven (27) subsidiaries, whose financial statements reflects total assets of ₹ 7,302.70 crore and net liabilities of ₹ 93.06 as at 31 March 2023, total revenues of ₹ 4,993.41 crore and net cash outflows amounting to ₹ 263.20 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 5.08 crore for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of four (4) associates and one (1) joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

20. We did not audit the financial statements of eight (8) joint operations, whose financial statements reflects total assets of ₹ 265.14 crore and net assets of ₹ 66.65 as at 31 March 2023, total revenues of ₹ 362.09 crore and net cash outflows amounting to ₹ 8.08 crore for the year ended on that date, as considered in the financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint operations, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations are based solely on the reports of the other auditors.

    Further, of these joint operations, the financial statements of five (5) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Holding Company's management has converted the financial statements of such joint operations in accordance with Ind AS and other accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these joint operations is based on the audit report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

21. We did not audit the financial statements of one (1) subsidiary, whose financial statements reflect total assets of ₹ 39.61 crore and net asset of ₹ 5.45 crore as at 31 March 2023, total revenues of ₹ 2.48 crore and net cash inflow amounting to ₹ 0.17 crore for the year then ended, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit (including other comprehensive income) of ₹ 4.51 crore for the year ended 31 March 2023, as considered in the consolidated financial statements in respect of one (1) associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, is so far as it relates to the amounts and disclosures included in respect of aforesaid subsidiary and associate, is based solely on such unaudited financial statements. In our opinion, and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

22. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 19, on separate financial statements of the subsidiaries, associates and joint ventures, we report that the Holding Company incorporated in India, whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

    Further, we report that seventeen (17) subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.

23. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 19 above, of companies included in the consolidated financial statements and covered under the Act, refer Annexure II for details of qualifications and/ or adverse remarks given by respective auditors in the Order reports of such companies. The annexure also separately contains

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

details of those companies included in the consolidated financial statements and covered under the Act for which the respective Order reports as required under Section 143(11) of the Act have not yet been issued.

24. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

 a) We have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

 b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion section with respect to the financial statements of the Holding Company,

 c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

 d) Except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

 e) The matter described in paragraph 3 of the Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Holding Company; paragraph 5 of the Emphasis of Matter section, may have an adverse effect on the functioning of Steiner AG (a step-down subsidiary of the Holding Company); and paragraph 7 of the Emphasis of Matter section may have an adverse effect on the functioning of HREL Real Estate Limited (a subsidiary of the Holding Company).

 f) On the basis of the written representations received from the directors of the Holding Company, its subsidiary companies and taken on record by the Board of Directors of the Holding Company, its subsidiary companies and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies, covered under the Act, none of the directors of the Group companies, its associate companies and joint venture companies, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.

 g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 3 of the Basis for Qualified Opinion section with respect to the Holding Company;

 h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure III' wherein we have expressed a modified opinion; and

 i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures incorporated in India, whose financial statements have been audited under the Act:

  i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed in notes 7.1, 36, 37, 38 and 40 to the consolidated financial statements;

  ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 22.2 to the consolidated financial statements;

  iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, during the year ended 31 March 2023;

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

iv.

a. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 53(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associate companies or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in the note 53(vi) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, associates and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Holding Company, its subsidiary companies, associate companies and joint venture companies have not declared or paid any dividend during the year ended 31 March 2023.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 23101797BGXFAC2333

Place: Mumbai
Date: 18 May 2023

Annexure I to the Independent Auditor's Report
(Referred to in paragraph 1 of our report of even date)

List of entities included in the consolidated financial statements

Subsidiary Companies	
HCC Contract Solutions Limited	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited	HCC Realty Limited
Panchkutir Developers Limited	HCC Operation and Maintenance Limited
HCC Mauritius Enterprises Limited	Steiner Promotions et Participations SA
Highbar Technologies Limited	Steiner (Deutschland) GmbH
HCC Infrastructure Company Limited	VM + ST AG
HCC Mauritius Investments Limited	Steiner Leman SAS
HRL Township Developers Limited	Steiner India Limited
HRL (Thane) Real Estate Limited	Powai Real Estate Developer Limited
Nashik Township Developers Limited	Prolific Resolution Private Limited
Maan Township Developers Limited	Baharampore - Farakka Highways Limited (upto 28 March 2023)
Manufakt8048 AG	Raiganj - Dalkhola Highways Limited
Narmada Bridge Tollways Limited	Steiner Construction SA (incorporated w.e.f. 12 July 2022)
Badarpur Faridabad Tollways Limited	

Associates	
Highbar Technocrat Limited	Evostate Immobilien AG
Evostate AG	MCR Managing Corp. Real Estate
Hegias AG, Zurich (incorporated w.e.f. 18 August 2022)	

Joint Venture/ Joint Operations	
Kumagai - Skanska - HCC - Itochu Group	Alpine - HCC Joint Venture
HCC - L&T Purulia Joint Venture	HCC Samsung Joint Venture CC 34
Alpine - Samsung - HCC Joint Venture	Werkarena Basel AG
Nathpa Jhakri Joint Venture	HCC - VCCL Joint Venture
HCC - HDC Joint Venture	

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure II to the Independent Auditor's Report
(Referred to in paragraph 23 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

A) Followings are the qualifications/ adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2023 for which such Order reports have been issued till date and made available to us:

Sr No	Name of the entity	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Hindustan Construction company Limited	L45200MH1926PLC001228	Holding Company	Clause (ii)(b), (vii)(a), (ix)(a),
2	Western Securities Limited	U67120MH1985PLC037511	Subsidiary	Clause (iii)(b), (iii)(c) (iii)(d), (iii)(e), (iii)(f) and (iv)
3	HREL Real Estate Limited	U70100MH2005PLC154004	Subsidiary	Clause (iii)(b), (iii)(c), (vii)(a) and (xix)
4	Panchkutir Developers Limited	U45201MH2006PLC165073	Subsidiary	Clause (iii)(b), (iii)(c) and (vii)(a)
5	HCC Infrastructure Company Limited	U45400MH2010PLC210944	Subsidiary	Clause (iii)(c)
6	HRL Township Developers Limited	U45201MH2006PLC163478	Subsidiary	Clause (iii)(b) and (iii)(c)
7	Maan Township Developers Limited	U45200MH2007PLC167462	Subsidiary	Clause (iii)(b) and (iii)(c)
8	HCC Aviation Limited	U63033MH2008PLC182384	Subsidiary	Clause (iii)(b) and (iii)(c)
9	Badarpur Faridabad Tollways Limited	U45203MH2008PLC184750	Subsidiary	Clause (xix)
10	Raiganj-Dalkhola Highways Limited	U45400MH2010PLC200734	Subsidiary	Clause (ix)(a)

B) Following are the companies included in the consolidated financial statements for the year ended 31 March 2023 audited by other auditor, for which the reports under section 143(11) of such companies have not yet been issued by the other auditor, as per information and explanation given to us by the management in this respect:

Sr No	Name of the entity	CIN	Subsidiary/ Associate/ Joint Venture
1	Steiner India Limited	U45203MH2011FLC221029	Subsidiary

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure III to the Independent Auditor's Report of even date to the members of Hindustan Construction Company Limited on the consolidated financial statements for the year ended 31 March 2023

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Group's internal financial controls with reference to financial statements as at 31 March 2023:

   The Holding Company's internal financial system with respect to assessing the recoverability of deferred tax assets, as explained in Note 10.1 to the consolidated financial statements were not operating effectively, which could potentially lead to a material misstatement in the carrying amount of deferred tax assets and its consequential impact on the earnings, other equity and related disclosures in the consolidated financial statements.

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

10. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies; the Holding Company, subsidiary companies and associate companies which are companies covered under the Act has, in all material respects, adequate internal financial controls with reference to consolidated financial statements as at 31 March 2023, based on internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Group's internal financial controls with reference to financial statements were operating effectively as at 31 March 2023.

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group and its associate company, which are companies covered under the Act, as at and for the year ended 31 March 2023, and these material weaknesses have affected our opinion on the consolidated financial statements of the Group, and its associate companies and we have issued a qualified opinion on the consolidated financial statements.

Other Matters

12. We did not audit the internal financial controls with reference to financial statements in so far as it relates to seventeen (17) subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 3,787.54 crore and net liabilities of ₹ 469.42 crore as at 31 March 2023, total revenues of ₹ 614 crore and net cash flow amounting to ₹ 10.24 crore for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

13. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one (1) subsidiary, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 39.61 crore and net assets of ₹ 5.45 crore as at 31 March 2023, total revenues of ₹ 2.48 crore and net cash inflows amounting to ₹ 0.17 crore for the year ended on that date; and one (1) associate companies, which is a company covered under the Act, in respect of which, the Group's share of net profit (including other comprehensive income) of ₹ 4.51 crore for the year ended 31 March 2023 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of this subsidiary company and associate company, which are companies covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid subsidiary and associate company, which are companies covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such companies. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

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

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 23101797BGXFAC2333

Place: Mumbai
Date: 18 May 2023

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2023
(Amount in ₹ crore, unless otherwise stated)

	Note No.	As at 31 March 2023	As at 31 March 2022 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	3A	358.09	436.23
Right-of-use assets	3B	186.80	217.61
Capital work-in-progress	3C	0.12	0.68
Investment property	4	2.84	2.79
Goodwill	5	3.38	3.38
Other intangible assets	5	72.10	62.54
Investments in associates and joint ventures	6	59.66	20.47
Financial assets			
Other investments	6A	19.11	37.90
Trade receivables	7	670.12	235.76
Loans	8	42.26	57.32
Other financial assets	9	3,118.45	18.09
Deferred tax assets (net)	10	782.02	742.68
Non-current tax assets (net)	10	117.46	121.54
Unbilled work-in-progress (contract assets)	16	-	24.56
Other non-current assets	11	117.56	67.90
Total non-current assets		5,549.97	2,049.45
Current assets			
Inventories	12	490.52	484.84
Financial assets			
Investments	13	0.70	0.66
Trade receivables	7	2,180.68	2,090.96
Cash and cash equivalents	14	581.91	720.97
Bank balances other than cash and cash equivalents	15	571.63	821.42
Other financial assets	9	96.93	93.42
Unbilled work-in-progress (contract assets)	16	3,442.44	3,921.48
Other current assets	11	262.96	322.98
		7,627.77	8,456.73
Assets held for sale	17	2.19	3,719.00
Total current assets		7,629.96	12,175.73
TOTAL ASSETS		13,179.93	14,225.18
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	151.31	151.31
Other equity	19	(865.69)	(810.45)
Equity attributable to owners of the parent		(714.38)	(659.14)
Non-controlling interest		0.00 *	0.00 *
Total equity		(714.38)	(659.14)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	4,851.11	1,178.47
Lease liabilities	41	185.70	197.67
Other financial liabilities	21	1,708.73	1,554.89
Provisions	22	126.68	111.96
Deferred tax liabilities (net)	10	-	31.45
Total non-current liabilities		6,872.22	3,074.44
Current liabilities			
Financial liabilities			
Borrowings	20	443.41	612.71
Lease liabilities	41	31.35	29.15
Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		134.67	80.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,856.54	2,978.54
Other financial liabilities	21	856.67	1,417.02
Other current liabilities	24	2,088.53	2,444.91
Current tax liabilities	10	8.97	1.24
Provisions	22	601.94	479.20
		7,022.08	8,042.77
Liabilities held for sale		-	3,767.11
Total current liabilities		7,022.08	11,809.88
TOTAL EQUITY AND LIABILITIES		13,179.93	14,225.18

* Represents amount less than ₹ 1 lakh

The accompanying notes are an integral part of the consolidated financial statements

Hincon House, LBS Road, Vikhroli (W), Mumbai

Walker Chandiok & Co LLP, Chartered Accountants, Mumbai

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2023

This is the Consolidated Balance Sheet referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No.: 101797

WALKER CHANDIOK & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 18 May 2023

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Arjun Dhawan
Vice Chairman
DIN : 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 18 May 2023

Hindustan Construction Company Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2023
(Amount in ₹ crore, unless otherwise stated)

	Note No.	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Continuing Operations			
Income			
Revenue from operations	26	9,856.59	10,668.26
Other income	27	55.74	158.20
Total income		9,912.33	10,826.46
Expenses			
Cost of materials consumed	28	1,009.64	865.08
Subcontracting expenses		6,833.08	7,112.79
Changes in inventories	29	(11.04)	(17.14)
Employee benefits expense	30	836.67	933.53
Finance costs	31	1,012.31	1,036.26
Depreciation and amortisation expense	32	128.55	138.34
Other expenses	33	611.53	586.21
Total expenses		10,420.74	10,655.05
Profit/ (Loss) before share of profit of associates/ joint ventures, exceptional items and tax		(508.41)	171.41
Share of profit of associates/ joint ventures (net)		9.59	5.21
Profit/ (Loss) before exceptional items and tax		(498.82)	176.62
Exceptional items - Gain	34	409.74	460.64
Profit/ (Loss) before tax		(89.08)	637.26
Tax expense / (credit)	10		
Current tax		8.30	25.78
Deferred tax		(70.79)	39.74
Total tax expense/ (credit)		(62.49)	65.52
Profit / (loss) for the year from continuing operations (A)		(26.59)	571.74
Discontinued Operations			
Profit/ (Loss) before tax from discontinued operations		(1.08)	4.07
Tax expense of discontinued operations		0.17	13.07
Loss from discontinued operations (after tax) (B)		(1.25)	(9.00)
Net profit / (loss) for the year from total operation (A) + (B)		(27.84)	562.74
Other comprehensive income / (loss)			
(a) Items that will not be reclassified to profit or loss (net of tax)			
- Gain/ (Loss) on remeasurement of defined benefit plans		(20.23)	82.49
- Gain on fair value of equity instruments		0.53	7.09
(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)			
- Translation loss relating to foreign operations		(6.06)	(4.51)
Total other comprehensive income / (loss) for the year, net of tax (C)		(25.76)	85.07
Total comprehensive income / (loss) for the year, net of tax (A+B+C)		(53.60)	647.81
Profit / (loss) for the year attributable to:			
Owners of the parent		(27.84)	562.74
Non-controlling interest		(0.00)*	0.00*
Other comprehensive income / (loss) for the year attributable to:			
Owners of the parent		(25.76)	85.07
Non-controlling interest		(0.00)*	0.00*
Total comprehensive income / (loss) for the year attributable to:			
Owners of the parent		(53.60)	647.81
Non-controlling interest		(0.00)*	0.00*
Earnings / (Loss) per share (Face value of ₹ 1 each) - for continuing operations	35		
a) Basic EPS (in ₹)		(0.18)	3.78
b) Diluted EPS (in ₹)		(0.18)	3.78
Earnings / (Loss) per share (Face value of ₹ 1 each) - for discontinued operations	35		
a) Basic EPS (in ₹)		(0.01)	(0.06)
b) Diluted EPS (in ₹)		(0.01)	(0.06)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations	35		
a) Basic EPS (in ₹)		(0.19)	3.72
b) Diluted EPS (in ₹)		(0.19)	3.72

* Represents amount less than ₹ 1 lakh

The accompanying notes are an integral part of the consolidated financial statements

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2023

This is the Consolidated Statement of Profit and Loss referred to in our audit report of even date

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

For and on behalf of the Board of Directors

Shashi Tadwalkar
Partner
Membership No.: 101797

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Ajit Gulabchand
Chairman
DIN : 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Arjun Dhawan
Vice Chairman
DIN : 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 18 May 2023

Place: Mumbai
Date: 18 May 2023

Hindustan Construction Company Limited

Consolidated Cash Flow Statement for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax including discontinued operations	(90.16)	641.33
Adjustments for:		
Depreciation and amortisation expense	128.55	138.34
Finance costs	1,012.31	1,036.26
Interest Income	(20.95)	(33.00)
Fair valuation gain on subsequent measurement of financial assets	(248.55)	-
Gain on implementation of debt resolution plan of the holding company	(223.30)	-
Gain on settlement of debt	(43.96)	(134.35)
Gain on deconsolidation of an erstwhile subsidiary	(142.48)	-
Share of profit of associates and joint ventures	(9.59)	(5.21)
Dividend income	(4.57)	(1.14)
Unrealised exchange gain on foreign currency translation (net)	(4.18)	(3.92)
Profit on disposal of property, plant and equipment (net)	(2.89)	(2.36)
Loss allowance on financial assets	29.72	16.90
Provision no longer required written back	(50.14)	(23.43)
	419.97	988.09
Operating profit before working capital changes	329.81	1,629.42
Adjustments for changes in working capital:		
Increase in inventories	(5.68)	(5.24)
Increase in trade receivables	(239.57)	(37.64)
Decrease in other financial assets, other assets and unbilled work-in-progress	145.20	97.42
Decrease in trade payables, other financial liabilities, other liabilites and provisions	(217.83)	(652.95)
Cash generated from operations	11.93	1,031.01
Direct taxes paid/ (refunded) (net)	4.98	(84.38)
Net cash generated from operating activities	16.91	946.63
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(215.37)	(89.25)
Proceeds from disposal of property, plant and equipment	9.47	34.30
Proceeds from sale of investments	5.69	-
Investments in associates	(29.60)	-
Net proceeds from / (investments in) bank deposits	250.06	(201.04)
Interest received	25.89	29.82
Proceeds from sale of an erstwhile subsidiary	373.99	-
Dividend received	4.57	1.14
Net cash generated from / (used in) investing activities	424.70	(225.03)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(175.43)	(734.01)
(Repayment of) / Proceeds from short-term borrowings (net)	(26.00)	519.08
Repayment of lease obligations	(9.77)	(19.01)
Finance costs paid	(391.90)	(426.01)
Net cash generated used in financing activities	(603.10)	(659.95)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(161.49)	61.65
Cash and cash equivalents at the beginning of the year	720.97	642.13
Unrealised foreign exchange gain on cash and cash equivalents (net)	22.43	17.19
Cash and cash equivalents at the end of the year (Refer note 14)	581.91	720.97

Notes :

1) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows.

2) Additions include movements of capital work-in-progress, capital advances and liability for capital goods, including intangible assets.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Consolidated Cash Flow Statement for the year ended 31 March 2023

This is the Consolidated Cash Flow Statement referred to in our audit report of even date

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

For and on behalf of the Board of Directors

Shashi Tadwalkar
Partner
Membership No.: 101797

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Ajit Gulabchand
Chairman
DIN : 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Arjun Dhawan
Vice Chairman
DIN : 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 18 May 2023

Place: Mumbai
Date: 18 May 2023

Hindustan Construction Company Limited

Consolidated Statement of Change in Equity for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

a) Equity share capital (equity shares of ₹ 1 each)

Particulars	Issued, subscribed and paid-up	
	Number	Amount
As at 1 April 2021	1,512,976,244	151.31
Issued during the year	-	-
As at 31 March 2022	1,512,976,244	151.31
Issued during the year	-	-
As at 31 March 2023	1,512,976,244	151.31

b) Other equity

Particulars	Reserves and surplus								Other comprehensive income		Non-controlling interest	Total equity attributable to equity holders
	Capital reserve	Forfeited debentures account	Securities premium	Share option outstanding reserve	Debenture redemption reserve	Foreign currency monetary translation reserve	General reserve	Retained earnings	Equity instruments at fair value through other comprehensive income	Translation loss relating to foreign operation (net)		
As at 1 April 2021	31.49	0.02	2,650.87	-	54.99	(0.24)	180.24	(4,219.36)	(18.63)	(147.56)	0.00 *	(1,466.18)
Profit for the year	-	-	-	-	-	-	-	562.74	-	-	-	562.74
Other comprehensive income for the year	-	-	-	-	-	-	-	82.49	7.09	(4.51)	-	85.07
Impact of business combination (Refer note 51)	8.21	-	-	-	-	-	-	-	-	-	-	8.21
Restatement of foreign currency monetary translation items						3.84						3.84
Amortization of foreign currency monetary translation items	-	-	-	-	-	(2.13)	-	-	-	-	-	(2.13)
As at 31 March 2022	39.70	0.02	2,650.87	-	54.99	1.47	180.24	(3,574.12)	(11.54)	(152.07)	0.00 *	(810.45)
Loss for the year	-	-	-	-	-	-	-	(27.84)	-	-	-	(27.84)
Other comprehensive loss for the year	-	-	-	-	-	-	-	(20.23)	0.53	(6.06)	-	(25.76)
Restatement of foreign currency monetary translation items	-	-	-	-	-	1.51	-	-	-	-	-	1.51
Share based payment expense	-	-	-	0.00 *	-	-	-	-	-	-	-	0.00 *
Amortization of foreign currency monetary translation items						(3.15)						(3.15)
As at 31 March 2023	39.70	0.02	2,650.87	0.00	54.99	(0.17)	180.24	(3,622.20)	(11.01)	(158.13)	0.00 *	(865.69)

* Represents amount less than ₹ 1 lakh

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Consolidated Statement of Change in Equity for the year ended 31 March 2023

This is the consolidated statement of Changes in Equity referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No.: 101797

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 18 May 2023

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Arjun Dhawan
Vice Chairman
DIN : 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 18 May 2023

Note 1 Corporate Information

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

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and joint arrangements. The Group is principally engaged in the business of providing engineering and construction services. These consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2023 were authorised for issue in accordance with resolution of the Board of Directors on 18 May 2023.

Note 2.1 Significant accounting policies

I Basis of preparation

The financial statements of the Group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

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

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

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to Act. The statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with other notes required to be disclosed under the notified Ind AS and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

II. Operating cycle for current and non-current classification

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Group as per the guidance set out in Schedule III to the Act. Operating cycle is the time between the acquisition of resources / assets for processing their realisation in cash and cash equivalents. Operating cycle for the business activities of the 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.

III. Principles of consolidation

The financial statements have been prepared on the following basis:

a. Subsidiaries

- The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.
- The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.
Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests and have been shown separately in the financial statements.

- Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.
- The gains/ losses in respect of part divestment/ dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Company.
- The gains/ losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset.

b. Investments in joint venture and associates

When the Group has with other parties joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises such interests as associates. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint venture and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever applicable. An investment in associate or joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture or associate. Gain or loss in respect of changes in other equity of joint ventures or associates resulting in dilution of stake in the joint ventures and associates is recognised in the Statement of Profit and Loss. On acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. The excess of fair value of assets and liabilities over the investment is recognised directly in equity as capital reserve. The unrealised profits/ losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

c. **Interests in joint operations**
In accordance with Ind AS 111 - Joint Arrangements, when the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Parent Company and its subsidiaries are combined for consolidation.

d. **Business combination / Goodwill on consolidation**
The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

The excess of the:
- Consideration transferred;
- Amount of any non-controlling interest in the acquired business, and
- Acquisition-date fair value of any previous equity interest in the acquired business

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

e. Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements.

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

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

a. **Going concern**
The Group in earlier years has incurred significant losses resulting in full erosion of net worth. Further, the Holding Company was also in default on payment to its lenders and also had overdue payments to operational creditors of which certain creditors also applied before National Company Law Tribunal ('NCLT') for debt resolution under Insolvency and Bankruptcy Code, 2016, none of which were admitted. During the current year, the Holding Company has successfully novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Group, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore in favor of PRPL. Consequently, the Holding Company is not in default in repayment of dues to its lenders as at 31 March 2023.
Based on the above and considering the future business plans, including time-bound monetization of assets, the management has prepared the future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern.

b. **Contract estimates**
Refer note 2(xxiii) below

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

d. **Deferred tax assets**
The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

Based on the projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

e. **Defined benefit plans**

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

f. **Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease required significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group revises the lease term if there is a change in non-cancellable period of a lease.

g. **Provisions and contingent liabilities**

A provision is recognised when the Group has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

vi. **Fair value measurement**

The Group measures financial instruments, at fair value at each balance sheet date.

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

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

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

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

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

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

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

vii. **Property, plant and equipment (Tangible assets)**

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

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

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

viii. **Capital work-in-progress**

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

ix. **Investment property**

Investment properties are held to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined on an annual evaluation based on the reckoner value with the main inputs being comparable transactions and industry data.

Depreciation on investment properties (building) is provided on the straight-line method, computed on the basis of useful lives as prescribed in Schedule II to the Act i.e. 60 years. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year and the effect of any change in the estimates of useful lives/residual value is accounted on prospective basis.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

x. **Intangible assets**

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

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

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as Consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

xi. **Non-current assets or disposal group held for sale**

Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

xii. **Depreciation and amortisation**

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives. The useful lives are as per Schedule II to the Act except in case of certain assets, where the useful life is based on technical evaluation by management.

Asset category	Useful life (in years)
Building and sheds	3 to 60
Leasehold improvements	As per the period of lease or estimated useful life determined by management's expert, whichever is lower.
Plant and equipment	2 to 14
Furniture fixtures and office equip	5 to 10
Vehicles	3 to 12
Speed boat	13
Computers	3
Intangible assets	3 to 5

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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

Depreciation on additions is provided on a pro-rata basis, from the date on which asset is ready to use.
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income or Other expenses.

xiii. **Financial instruments**

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

a **Financial assets**

i) **Initial recognition and measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii) **Subsequent measurement**

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

- **Financial assets at amortised cost**

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

- **Financial assets measured at fair value through Other Comprehensive Income**

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

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

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

- **Financial assets measured at fair value through profit or loss (FVTPL)**

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

iii) Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. after all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

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

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

iv) De-recognition of financial assets

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

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

b Equity instruments and financial liabilities

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

i) Equity instruments

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

ii) Financial liabilities

- Subsequent measurement

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

- **Financial liabilities at FVPL**

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

- **Financial liabilities at amortised cost**

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

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

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

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

- Financial guarantee contracts

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

- **De-recognition of financial liabilities**

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

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

xiv. Employee benefits

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

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

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

In case of foreign subsidiaries, the post-employment benefit plan, in the form of a pension, qualify as defined benefit plans. For the purposes of determining the defined benefit obligation at the reporting date, the total defined benefit obligations, made by an independent actuary using the projected unit credit method, are compared to the fair value of the plan assets and resultant surplus or shortfall is recognised as an asset or liability, respectively. Re-measurement, comprising of actuarial gains and losses, in respect of this pension plan are recognised in the OCI, in the period in which they occur.

c. Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. However, as the Company does not have an unconditional right to defer settlement for these obligations, the above liabilities are presented as current. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

d. Short-term benefits
Employee benefits such as salaries, wages, bonus, incentive etc. falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the service.

xv. Contract assets
Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in-progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

xvi. Contract liabilities
Certification in excess of contract revenue are classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

xvii. Inventories

a. Construction materials, stores, spares and fuel
The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Revenue from sale of scrap material is presented as reduction from cost of materials consumed in the Statement of Profit and Loss.

b. Land and development rights
Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of construction costs and net selling price.

c. Project work in progress
Land and construction / development expenses are accumulated under "Project work-in-progress" and the same are valued at lower of cost or net realizable value.

Cost of land purchased / acquired by the Group includes purchase / acquisition price plus stamp duty and registration charges.

Construction / development expenditure includes cost of development rights, all direct and indirect expenditure incurred on development of land/ construction, attributable interest and financial charges and overheads relating to site management and administration less incidental revenues arising from site operations.

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

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

xx. Borrowing costs
Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.
Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

xxi. **Foreign exchange translation of foreign projects and accounting of foreign exchange transaction**

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

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

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

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

d. **Translation of foreign operations**
The Group presents the consolidated financial statements in INR. For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

xxii. **Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.
Government grants relating to income are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented with other income.

xxiii. **Revenue recognition**

a. **Revenue from construction contracts**

The Group evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met:
- As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity's performance.
- The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party and is adjusted for variable considerations.

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

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgment. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Group presents revenues net of indirect taxes in its Statement of Profit and Loss.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred.

b. **Software development and servicing revenue**
Revenue from software development on fixed price, fixed time frame contracts, including system development and integration contracts, where there is no uncertainty as to measurement or collectability is recognized as per percentage of completion method. Revenue from last billing date to the Balance Sheet date is recognized as unbilled revenue. Stage of completion is measured by reference to the proportion that service cost incurred for work performed to date bears to the estimated total service cost. Service cost incurred to date excludes costs that relate to future activity on the contract. Such costs are recognized as an asset and are classified as unbilled revenue as due from customers.

Servicing revenue is recognized over the term of servicing contract. For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

Time and material contracts is recognized as and when the related services are provided.

Annual maintenance service contracts are recognized proportionately over the period in which services are rendered.

Revenue from sale of user licenses for software applications is recognized on transfer of the title/product, in accordance with the sales contract. Revenue from product sales are shown as net of all applicable taxes and discounts.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

c. **Interest on arbitration awards**
Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Group has received or expects to receive on favourable arbitration awards.

d. **Fair valuation gain on subsequent measurement of financial assets**
The Group recognizes the changes in the fair value of the financial assets held through profit and loss account in the statement of profit and loss. At each reporting date the entity carries out fair value assessment of the financial assets in accordance with the principles laid down in Ind AS 113 – Fair Value Measurement through a registered valuer and on the basis of the fair valuation report recognizes the accretion to the carrying value of the Financial Assets held through profit and loss account in its other operating income.

xxiv. **Other Income**

a. **Interest income**

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

b. **Dividend income**

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

c. **Other income**

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

d. **Rental income**

Rent is recognised on time proportionate basis.

e. **Finance and other income**

Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

xxv. **Income tax**

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

a. **Current tax**

Current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Group as at 31 March 2023 continues to follow the Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

b. **Deferred tax**

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future

In assessing the recoverability of deferred tax assets, the Group relies on the forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

xxvi. **Leases**

The Group's lease asset classes primarily consist of leases for vehicles, building and shed. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

At the date of the commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets have been separately presented in the Balance Sheet and the Lease liability is presented under Other financial liabilities. Further, lease payments have been classified as financing cash flows.

xxvii. **Impairment of non-financial assets**

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

Recoverable amount is determined:

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

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

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

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

xxviii. **Trade receivables**

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

xxix. **Trade payables**

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

xxx. **Earnings per share**

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

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

xxxi. **Provisions, contingent liabilities, contingent assets and commitments**

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

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

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

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

WALKER CHANDIOK & CO LLP
CHARTERED ACCOUNTANTS

xxxii. Provision for warranty

In case of real estate projects of a subsidiary, the estimated liability for warranty is recorded on the building and its components during the construction period. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions during the construction period under warranty phase.

xxxiii. Treasury shares

Treasury shares represents own equity instruments reacquired by the Holding Company or other members of the Consolidated Group, which are deducted from the equity of the acquiring entity. Treasury shares held is disclosed separately in the financial statements.

xxxiv. Share issue expenses

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

xxxv. Share based payments

Share based compensated benefits are provided to certain grades of employees in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the instrument given to employees is recognised as 'employee benefits expenses' with a corresponding increase in equity over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

xxxvi. Exceptional items

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

xxxvii. Dividend

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

Note 2.2 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption or this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 - Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 3A Property, plant and equipment

Particulars	Freehold land	Building and sheds	Leasehold Improvements	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Speed boat	Computers	Total
Gross carrying value (at deemed cost)									
As at 1 April 2021	32.41	108.19	3.78	972.86	91.43	59.81	1.04	7.43	1,276.95
Additions	-	-	-	8.06	0.22	3.39	-	0.48	12.15
Disposals	-	-	-	(167.93)	(0.01)	(5.04)	-	-	(172.98)
Transferred from assets classified as held for sale (Refer note 17.2)	6.49	-	-	-	-	-	-	-	6.49
Transferred to assets held for sale (Refer note 17.4)	(0.61)	-	-	(0.50)	(0.40)	(0.61)	-	(0.17)	(2.29)
As at 31 March 2022	38.29	108.19	3.78	812.40	91.24	57.56	1.04	7.74	1,120.32
Additions	-	-	-	13.39	0.39	0.36	-	0.16	14.30
Disposals	-	-	-	(12.59)	-	(4.52)	-	-	(17.21)
Transferred to assets held for sale (Refer note 17.1)	(2.19)	-	-	-	-	-	-	-	(2.10)
As at 31 March 2023	36.10	108.19	3.78	813.20	91.63	53.39	1.04	7.90	1,115.22
Accumulated depreciation									
As at 1 April 2021	-	87.05	2.34	545.46	57.63	28.22	0.65	4.88	726.25
Depreciation charge	-	1.04	0.30	85.91	8.61	2.87	0.11	1.09	99.93
Accumulated depreciation on disposals	-	-	-	(137.51)	-	(3.53)	-	-	(141.04)
Transferred to assets held for sale (Refer note 17.4)	-	-	-	(0.09)	(0.37)	(0.43)	-	(0.17)	(1.06)
As at 31 March 2022	-	88.09	2.64	493.77	65.87	27.13	0.76	5.80	684.09
Depreciation charge	-	0.97	0.30	72.57	5.99	2.98	0.11	0.83	83.75
Accumulated depreciation on disposals	-	-	-	(7.26)	-	(3.37)	-	-	(10.63)
Adjustments [Refer sub note (iii)]	-	-	-	-	(0.08)	-	-	-	(0.08)
As at 31 March 2023	-	89.06	2.94	559.08	71.78	26.74	0.87	6.63	757.13
Net carrying value									
As at 31 March 2022	38.29	20.10	1.14	318.72	25.37	30.42	0.28	1.94	436.23
As at 31 March 2023	36.10	19.13	0.84	254.12	19.85	26.65	0.17	1.27	358.09

Notes:

(i) Refer note 20 for information of property, plant and equipment pledged as security against borrowings of the Group.

(ii) Refer note 36(B)(i) for disclosure of contractual commitments for acquisition of Property, plant and equipment.

(iii) Adjustments represents exchange loss arising on long-term foreign currency monetary items.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 3B Right-of-use assets

Particulars	Buildings	Vehicles	Total
Gross carrying value			
As at 1 April 2021	305.77	0.94	306.71
Additions	2.16	-	2.16
Disposals	-	-	-
As at 31 March 2022	**307.93**	**0.94**	**308.87**
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2023	**307.93**	**0.94**	**308.87**
Accumulated depreciation			
As at 1 April 2021	60.07	0.87	60.94
Depreciation charge	30.25	0.07	30.32
Accumulated depreciation on disposals	-	-	-
As at 31 March 2022	**90.32**	**0.94**	**91.26**
Depreciation charge	30.81	-	30.81
Accumulated depreciation on disposals	-	-	-
As at 31 March 2023	**121.13**	**0.94**	**122.07**
Net carrying value			
As at 31 March 2022	217.61	-	217.61
As at 31 March 2023	186.80	-	186.80

Note:
Also refer note 41 for the Ind AS 116 - Leases and the related disclosures.

Note 3C Capital work-in-progress ('CWIP')

Particulars	Amount
As at 1 April 2021	1.61
Additions	2.52
Transferred to property, plant and equipment	(3.45)
As at 31 March 2022	**0.68**
Additions	0.12
Transferred to property, plant and equipment	-
Written off during the period	(0.68)
As at 31 March 2023	**0.12**

CWIP ageing schedule

Particulars	As at 31 March 2023		As at 31 March 2022	
	Projects in progress	Projects temporarily suspended	Projects in progress	Projects temporarily suspended
Less than 1 year	0.12	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	0.68
Total	**0.12**	-	-	**0.68**

Notes:
i) Projects temporarily suspended represented expenses incurred for the construction of a sewage plant the construction of which has been abondoned and consequently written off.
ii) There are no projects which has exceeded its cost compared to its original plan.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 4 Investment properties

Particulars	Land	Building	Total
Gross carrying value (at deemed cost)			
As at 1 April 2021	2.50	2.36	4.86
Additions	-	-	-
Disposals	-	-	-
Transferred to assets held for sale (Refer note 17.4)	(0.26)	-	(0.26)
As at 31 March 2022	2.24	2.36	4.60
Additions	-	-	-
Adjustment [Refer sub note (iii)]	0.07	-	0.07
Disposals	-	-	-
As at 31 March 2023	2.32	2.36	4.67
Accumulated depreciation			
As at 1 April 2021	-	1.78	1.78
Depreciation charge	-	0.03	0.03
As at 31 March 2022	-	1.81	1.81
Depreciation charge	-	0.03	0.03
As at 31 March 2023	-	1.84	1.84
Net carrying value			
As at 31 March 2022	2.24	0.55	2.79
As at 31 March 2023	2.32	0.52	2.84

Information regarding income and expenditure of investment properties

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Rental income derived from investment property	0.50	0.54
Direct operating expenses (including repairs and maintenance) generating rental income	(0.08)	(0.09)
Gain arising from investment properties before depreciation and indirect expenses	0.42	0.45
Less : Depreciation	(0.03)	(0.03)
Gain arising from investment properties before indirect expenses	0.39	0.42

Notes:

(i) The fair value of the investment properties held by the Group as at the Balance Sheet date is ₹ 15.04 crore (31 March 2022 : ₹ 15.80 crore).

(ii) The Group has assessed the above fair value of investment properties, however the valuation is not done by the registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

(iii) Adjustments represents exchange loss arising on long-term foreign currency monetary items.

(Amount in ₹ crore, unless otherwise stated)

Note 5 Other intangible assets and goodwill

Particulars	Computer software	Other intangible assets	Total	Goodwill
Gross carrying value (at deemed cost)				
As at 1 April 2021	94.90	956.57	1,051.47	3.38
Additions	6.46	-	6.46	-
Transferred from Intangible assets under development	-	57.19	57.19	-
Transferred to assets held for sale (Refer note 17.4)	-	(1,013.76)	(1,013.76)	-
Disposals	-	-	-	-
As at 31 March 2022	**101.36**	**-**	**101.36**	**3.38**
Additions	22.96	-	22.96	-
Disposals	-	-	-	-
As at 31 March 2023	**124.32**	**-**	**124.32**	**3.38**
Accumulated amortisation				
As at 1 April 2021	**30.76**	**243.45**	**274.21**	**-**
Amortisation charge	8.06	31.23	39.28	-
Transferred to assets held for sale (Refer note 17.4)	-	(274.68)	(274.68)	-
As at 31 March 2022	**38.82**	**-**	**38.82**	**-**
Amortisation charge	13.96	-	13.96	-
Adjustments	(0.55)		(0.55)	-
As at 31 March 2023	**52.22**	**-**	**52.22**	**-**
Net carrying value				
As at 31 March 2022	62.54	-	62.54	3.38
As at 31 March 2023	**72.10**	**-**	**72.10**	**3.38**

Note 5.1 Impairment testing for goodwill

Goodwill is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount is determined based on the fair value of the underlying net assets of the entity which are consistent from the external sources of information. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used which has been consistent from earlier periods. Based on the above, no impairment provision is considered necessary as the recoverable value exceeded the carrying value.

Note 5.2 Intangible asset under development

Particulars	Amount
As at 1 April 2021	38.79
Additions	116.34
Transferred to other intangible assets	(57.19)
Less: Transferred to assets held for sale (Refer note 17.4)	(97.94)
As at 31 March 2022	-
Additions	-
As at 31 March 2023	-

Intangible asset under development ageing

Particulars	As at 31 March 2023	As at 31 March 2022
Less than 1 year	-	97.94
Transferred to assets held for sale (Refer note 17.4)	-	(97.94)
Total	-	-

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

	As at 31 March 2023	As at 31 March 2022
Note 6 Investments in associates and joint ventures		
Investments at cost		
i) in associates in India	20.49	15.97
ii) in associates outside India	39.17	4.50
iii) in joint venture outside India	0.00 *	0.00 *
Total investments in associates and joint ventures	59.66	20.47

Detailed list of investments in associates and joint ventures

Investments at cost, unquoted and fully paid up		
i) In associates in India		
Highbar Technocrat Limited 99,940 (31 March 2022: 99,440) equity shares of ₹ 10 each	20.49	15.97
	20.49	15.97
ii) In associates outside India		
Evostate AG 300 (31 March 2022: 300) equity shares of CHF 1,000 each	10.57	3.66
Hegias AG (w.e.f. 18 August 2022) 7,082,160 (31 March 2022: Nil) shares of CHF 0.01 each	27.19	-
MCR Managing Corp 30 (31 March 2022: 30) equity shares of CHF 1,000 each	1.41	0.84
	39.17	4.50
iii) In joint ventures outside India		
Werkarena Basel AG 500 (31 March 2022: 500) equity shares of CHF 1,000 each	0.00 *	0.00 *
	0.00 *	0.00 *
	59.66	20.47

* Represents amount less than ₹ 1 lakh

Note 6.1 The Group's share of profit/ (loss) of associates and joint ventures is as follows:

	As at 31 March 2023	As at 31 March 2022
From associates		
Highbar Technocrat Limited	21.49	16.98
Evostate AG	(8.89)	(16.50)
Hegias AG	(3.04)	-
MCR Managing Corp	3.64	3.13
From joint venture		
Werkarena Basel AG	0.00 *	0.00 *
	13.20	3.61

* Represents amount less than ₹ 1 lakh

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023
(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 6A Other Investments		
I. Investments in debentures	-	15.46
II. Other investments in equity shares at fair value through Other Comprehensive Income		
In India	18.47	19.67
Outside India	0.64	2.77
Total other investments	19.11	37.90

Detailed list of other investments

I. Investments in debentures		
Farakka Raiganj Highways Limited Nil (31 March 2022 - 1,058,765,172) non convertible debentures	-	15.46
	-	15.46
II. Other investments in equity shares at fair value through Other Comprehensive Income		
In India		
Khandwala Securities Limited 3,332 (31 March 2022: 3,332) equity shares of ₹ 10 each, fully paid - quoted	0.01	0.01
Housing Development Finance Corporation Limited 15,220 (31 March 2022: 15,220) equity shares of ₹ 2 each, fully paid - quoted	4.00	3.64
HDFC Bank Limited 5,000 (31 March 2022: 5,000) equity shares of ₹ 1 each, fully paid - quoted	0.81	0.73
Shushrusha Citizens Co-Op. Hospitals Limited 100 (31 March 2022 : 100) equity shares of ₹ 100 each, fully paid - unquoted	0.00 *	0.00 *
Hincon Finance Limited 120,000 (31 March 2022 : 120,000) equity shares of ₹ 10 each, fully paid - unquoted	13.65	15.29
	18.47	19.67
Outside India		
Opernhaus Zürich AG 10 (31 March 2022 : 10) equity shares of CHF 900 each, fully paid - unquoted	0.05	0.05
Genossenschaft Theater für den Kt. Zürich 1 (31 March 2022 : 1) equity shares of CHF 300 each, fully paid - unquoted	0.00 *	0.00 *
Betriebsges. Kongresshaus Zürich AG 10 (31 March 2022 : 10) equity shares of CHF 100 each, fully paid - unquoted	0.03	0.33
MTZ Medizinishces Therapiezentrum 50 (31 March 2022 : 50) equity shares of CHF 1,000 each, fully paid - unquoted	0.44	0.40
Mobimo Holding AG Nil (31 March 2022 : 720) equity shares of CHF 29 each, fully paid - quoted	-	1.79
Namenaktien Messe Zürich 10 (31 March 2022 : Nil) equity shares of CHF 50 each, fully paid - unquoted	0.04	0.04
MCH Group AG 2,100 (31 March 2022 : 2,100) equity shares of CHF 10 each, fully paid - quoted	0.08	0.16
	0.64	2.77
Total non-current investments (6 + 6A)	78.77	58.37

* Represents amount less than ₹ 1 lakh

Details:
Aggregate value of non-current investments is as follows:

(i) Aggregate value of unquoted investments	73.87	52.04
(ii) Aggregate value of quoted investments and market value thereof	4.90	6.33
(iii) Aggregate value of impairment of investments	-	-
(i) Investments carried at cost	59.66	20.47
(ii) Investments carried at fair value through profit and loss account	-	15.46
(iii) Investments carried at fair value through other comprehensive income	19.11	22.44

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 7 Trade receivables		
Non-current		
Trade receivables ^ (Refer note 7.1)	670.12	235.75
Total non-current trade receivables	670.12	235.75
Current		
Trade receivables (Refer notes 7.1 and 38) [Including retention ₹ 789.11 crore (31 March 2022: ₹ 866.95 crore)]	2,180.68	4,377.29
Less: Transferred to assets held for sale (Refer note 17.3)	-	(2,286.33)
Total current trade receivables	2,180.68	2,090.96
Total trade receivables	2,850.80	2,326.71

^ Presented net off advance received against favourable arbitration awards ₹ 3,378.69 crore (31 March 2022: ₹ 3,238.43)

Break-up of security details

	As at 31 March 2023	As at 31 March 2022
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	2,850.80	2,326.71
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	33.31	3.14
Total	2,884.11	2,329.85
Loss allowance	(33.31)	(3.14)
Total trade receivables	2,850.80	2,326.71

Note 7.1 Non-current trade receivables and current trade receivables as at 31 March 2023 includes ₹ 670.12 crore (31 March 2022: ₹ 187.59 crore) and ₹ 452.13 crore (31 March 2022: ₹ 2,770.14 crore) respectively, representing claims awarded in arbitration in favour of the Holding Company and which have been challenged by the customers in courts. Out of the above, net arbitration awards as at 31 March 2022 amounting to ₹ 2,283.06 crore was reclassified as assets of a disposal group held for sale, which has been derecognised during the current year (refer notes 17.3 and 34).

Note 7.2 There are no trade receivables due from any director or any officer of the Group, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

Note 7.3 Trade receivables (other than receivables on account of claims awarded in arbitration in favour of the Company) are non-interest bearing and are generally on terms of 30 to 90 days except retention deposits which are due after completion of the defect liability period of the respective projects.

Note 7.4 Trade receivables ageing shedule

As at 31 March 2023	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	436.27	301.89	107.42	154.82	269.13	198.02	1,467.55
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	6.88	3.33	4.91	11.88	6.31	33.31
(iv) Disputed trade receivables - considered good (Non- current)	-	35.27	110.22	139.08	216.93	120.63	622.13
(v) Disputed trade receivables - considered good (Current)	-	309.21	1.98	367.18	46.39	36.36	761.12
(vi) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	436.27	663.25	222.95	665.99	544.33	361.32	2,884.11
Less: Allowance for expected credit loss							(33.31)
Total trade receivables							2,850.80

Note: Refer note 16 for details of unbilled dues i.e. contract assets.

As at 31 March 2022	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	495.16	327.23	67.13	512.69	93.31	159.79	1,655.31
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	3.14	-	3.14
(iv) Disputed trade receivables - considered good (Non- current)	-	91.42	7.11	18.24	13.53	57.29	187.59
(iv) Disputed trade receivables - considered good (Current)	-	446.52	179.66	397.19	300.43	1,446.34	2,770.14
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	495.16	865.17	253.90	928.12	410.41	1,663.42	4,616.18
Less: Allowance for expected credit loss							(3.14)
Total trade receivables							4,613.04

Notes:
i) Refer note 16 for details of unbilled dues i.e. contract assets.
ii) Trade receivable ageing schedule as at 31 March 2022 includes ageing in respect of trade receivables which were classified as assets of disposal group held for sale.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 8 Loans		
Loans to:		
- related parties	36.58	57.32
- others	5.68	-
Total non-current loans	42.26	57.32
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	42.26	57.32
Loans - which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	42.26	57.32
Loss allowance	-	-
Total loans	42.26	57.32

	As at 31 March 2023	As at 31 March 2022
Note 9 Other financial assets		
Non-current		
Awards and claims (carried at fair value through profit and loss account)	3,127.97	-
Security and other deposits	5.27	33.46
Interest receivable on loans to others	0.85	-
Bank deposits with balance maturity of more than 12 months	-	0.27
Total	3,134.09	33.73
Less: loss allowance	(15.64)	(15.64)
Total non-current financial assets	3,118.45	18.09
Current		
Security deposits	27.05	36.36
Interest accrued on deposits/ advances	5.65	11.44
Other receivables	65.64	52.43
Less : Transferred to assets held for sale (Refer note 17.4)	-	(0.68)
Total	98.34	99.55
Less: Loss allowance	(1.41)	(6.13)
Total current financial assets	96.93	93.42
Total other financial assets	3,215.38	111.50

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 10 Non-current tax assets (net)

	As at 31 March 2023	As at 31 March 2022
i. The following table provides the details of income tax assets and liabilities:		
a) Income tax assets	323.64	334.42
Less : Transferred to assets held for sale (Refer note 17.4)	-	(7.80)
	323.64	326.62
b) Income tax liabilities	215.15	206.32
Net income tax assets (net)	108.49	120.30
Income tax assets in certain entities	117.46	121.54
Current tax liabilities in case of certain entities	8.97	1.24
Net income tax assets	108.49	120.30
ii. The gross movement in the income tax assets/ liabilities is as follows:		
Net income tax asset at the beginning	120.30	69.49
Income tax (refund)/ paid (net)	(3.51)	84.38
Transferred to assets held for sale (Refer note 17.4)	-	(7.80)
Current income tax expense	(8.30)	(25.78)
Net income tax assets at the end	108.49	120.30
iii. Income tax expense comprises:		
Current tax expense	8.47	25.78
Deferred tax charge / (credit)	(70.79)	52.81
Income tax charge / (credit) [net] in the Statement of Profit and Loss	(62.32)	78.59
Deferred tax charge in Other Comprehensive Income	0.00*	(0.14)
Tax charge / (credit) [net]	(62.32)	78.45

	Year ended 31 March 2023	Year ended 31 March 2022
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:		
Profit / (loss) before income tax (including discontinuing operations)	(90.16)	641.33
Applicable tax rate in India	34.944%	34.944%
Computed expected tax charge / (credit)	(31.51)	224.11
Effect of difference in tax rates of overseas subsidiaries	62.41	(66.60)
Effect of expenses not allowed for tax purpose	119.16	10.47
Effect of income not considered for tax purpose	(128.90)	(17.80)
Impact of losses where deferred tax not recognised in certain entities	(88.97)	46.66
Earlier year tax adjustments	1.32	-
Utilization of unrecognized loss carry forwards from prior years	-	(132.98)
Impact of change in tax rate	-	9.95
Others	4.16	4.78
Income tax charge / (credit) [net] in the Statement of Profit and Loss	(62.32)	78.59

* Represents amount less than ₹ 1 lakh

	As at 31 March 2023	As at 31 March 2022
v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:		
(A) Deferred tax assets (Refer note 10.1)		
(a) Business loss / unabsorbed depreciation / MAT credit entitlements	2,139.99	1,708.21
(b) Impairment allowance on receivables / other assets	9.69	0.65
(c) Timing difference on tangible and intangible assets' depreciation and amortisation	35.19	36.13
(d) Expense allowable on payment basis	167.13	165.39
	2,352.00	1,910.38
(B) Deferred tax liabilities		
(a) Arbitration awards not offered to tax	(1,569.98)	(1,167.56)
(b) Others	-	(31.59)
	(1,569.98)	(1,199.15)
Deferred tax assets (net) (A) - (B)	782.02	711.23
Deferred tax assets in case of certain entities	782.02	742.68
Deferred tax liabilities in case of certain entities	-	31.45
Net deferred tax assets	782.02	711.23

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

vi. Movement in components of deferred tax assets and deferred tax liabilities are as follows:

	Business loss / unabsorbed depreciation / MAT credit entitlements	Impairment allowance on receivables / other assets	Timing difference on tangible and intangible assets' depreciation and amortisation	Arbitration awards not offered for tax	Expense allowable on payment basis and others	Other	Total
At at 1 April 2021	2,224.03	0.65	41.33	(1,679.50)	164.99	(0.14)	751.36
(Charged) / credited							
- to profit or loss	(515.82)	-	(5.20)	511.94	0.26	(31.45)	(40.27)
- to other comprehensive income	-	-	-	-	0.14	-	0.14
As at 31 March 2022	1,708.21	0.65	36.13	(1,167.56)	165.39	(31.59)	711.23
(Charged) / credited							
- to profit or loss	431.78	9.04	(0.92)	(402.42)	1.73	31.59	70.79
- to other comprehensive income	-	-	-	-	-	-	-
As at 31 March 2023	2,139.99	9.69	35.19	(1,569.98)	167.13	-	782.02

Note 10.1: As at 31 March 2023, deferred tax assets of the Group includes net deferred tax assets recognised by Holding Company amounting to ₹ 741 .93 crore (31 March 2022: ₹ 741 .74 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the Holding Company's management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised.

Note 10.2: Deferred tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments.

Note 10.3: There are unused tax losses in the Group companies for which no deferred tax asset has been recognised as the Group believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 11 Other assets		
Non-current		
Capital advances	63.27	1.29
Balances with government authorities	52.38	65.52
Prepaid expenses	1.66	1.87
Others	0.25	-
	117.56	68.68
Less : Transferred to assets held for sale (Refer note 17.4)	-	(0.78)
Total other non-current assets	117.56	67.90
Current		
Advance to suppliers and subcontractors	84.20	131.22
Balances with government authorities	159.76	171.14
Prepaid expenses	8.85	11.55
Others	10.15	39.22
	262.96	353.13
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(0.42)
	262.96	352.71
Less: Loss allowance	-	(29.73)
Total other current assets	262.96	322.98
Total other assets	380.52	390.89

Note 12 Inventories		
Land and development rights	319.73	308.69
Construction raw material, stores and spares	166.18	170.05
Fuel and others	4.61	6.10
Total inventories	490.52	484.84

Note 13 Current investments		
Investments in others carried at fair value through profit and loss		
Investment in mutual funds	0.70	0.66
Total current investments	0.70	0.66
Detailed list current investments		
Investments in mutual funds		
Essel Liquid Fund Growth plan 72,422 units (31 March 2022: 72,422 units)	0.02	0.02
Canara Rebeco Mutual Fund 1,976.26 units (31 March 2022: 1976.26 units)	0.53	0.50
ICICI Money Market Fund 748,574 units (31 March 2022: 709,181 units)	0.01	0.01
SBI Premier Liquid Fund 1,205,366 units (31 March 2022: 1,205,366 units)	0.14	0.13
	0.70	0.66
Details:		
Aggregate value of current investments is as follows:		
(i) Aggregate value of unquoted investments	-	-
(ii) Aggregate value of quoted investments and market value thereof	0.70	0.66
(iii) Aggregate value of impairment in the value of investments	-	-
(i) Investments carried at cost	-	-
(ii) Investments carried at amortised cost	-	-
(iii) Investments carried at fair value through profit and loss	0.70	0.66

WALKER CHANDIOK & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

L.B.S. Road, Vikhroli (W)

Note 14 Cash and cash equivalents	As at 31 March 2023	As at 31 March 2022
a) Balances with banks		
- In current accounts	565.39	560.84
- In deposit account (with original maturity upto 3 months)	15.92	228.01
b) Cash on hand	0.60	0.99
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(68.87)
Total cash and cash equivalents	**581.91**	720.97

Note 15 Bank balances other than cash and cash equivalents

Bank deposits with maturity of more than 3 months and less than 12 months ^	571.63	977.63
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(156.21)
Total bank balances other than cash and cash equivalents	**571.63**	821.42

^ Includes ₹ 16.76 crore (31 March 2022: ₹ 26.04 crore) held as margin money against arbitration awards

Note 15.1 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2023

Note 16 Unbilled work-in-progress (contract assets)	As at 31 March 2023	As at 31 March 2022
Non-current		
Unbilled work-in-progress (contract assets)	-	24.56
Total non-current unbilled work-in-progress (contract assets)		24.56
Current		
Unbilled work-in-progress (contract assets) ^	3,442.44	4,280.88
Less: Transferred to Assets of disposal group held for sale (refer note 17.3)	-	(359.40)
Total current Unbilled work-in-progress (contract assets)	3,442.44	3,921.48
Total unbilled work-in-progress (contract assets)	3,442.44	3,946.04

^ Net of advance received against work bill ₹ 174.33 crore (31 March 2022: ₹ 103.14 crore)

(Amount in ₹ crore, unless otherwise stated)

Note 17 Assets held for sale

	As at 31 March 2023	As at 31 March 2022
a) Asset held for sale - Freehold Land		
Opening balance	-	6.49
Add: Assets classified as held for sale (Refer note 17.1)	2.19	-
Less: Asset re-classified as Property, plant and equipment (Refer note 17.2)	-	(6.49)
	2.19	-
b) Assets of a disposal group held for sale (Refer note 17.3)		
Trade receivables	-	2,283.06
Unbilled work-in-progress (contract assets)	-	359.40
	-	2,642.46
c) Assets of discontinued operations - Baharampore Farakka Highways Limited (Refer note 17.4)		
Property, plant and equipment	-	1.24
Intangible asset	-	739.08
Investment property	-	0.26
Intangible asset under development	-	97.94
Other non current asset	-	0.78
Trade receivables	-	3.27
Cash and cash equivalent	-	68.87
Other bank balance	-	156.21
Non-current tax assets (net)	-	7.80
Other current asset	-	0.42
Other financial asset	-	0.68
	-	1,076.55
Total assets held for sale	2.19	3,719.01

Note 17.1 During the current year, the Holding Company has entered into an agreement to sell a freehold land situated at village Karnala (Tara) for an aggregate consideration of ₹ 95 crore. Pursuant to the agreement, the Holding Company has received an advance of ₹ 5 crore, which has been presented under other current liabilities. The above sale is subject to approval from lenders of the Holding Company. The Holding Company expects the sale to be completed by 30 September 2023.

Note 17.2 During the earlier years, the Holding Company had entered into an agreement with a subsidiary company to develop a parcel of freehold land situated at Vikhroli, Mumbai pursuant to which an advance of ₹ 20.20 crore was received. However, as at 31 March 2022, considering the market conditions, the Holding Company did not foresee to complete the transaction and therefore the sale no longer classified as 'highly probable' in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the same was re-classified as "Property, plant and equipment".

Note 17.3 As detailed in note 34.1, pursuant to implementation of the resolution plan in the current year, assets representing specified arbitration awards and claims and liabilities representing specified debt and accrued interest /charges have been derecognised effective 1 July 2022.

As at 31 March 2022, the resolution plan with lenders had become binding due to receipt of requisite majority approvals. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest / charges) qualified as assets and liabilities of a disposal group held for sale. Consequently, as at 31 March 2022, trade receivables and unbilled work-in-progress (contract assets) was classified as assets of a disposal group held for sale. Similarly, as at 31 March 2022, current borrowings, trade payables and other current financial liabilities was classified as liabilities of a disposal group held for sale.

Note 17.4 On 1 February 2022, HCC Infrastructure Company Limited, a wholly owned subsidiary, signed a binding term sheet with Cube Highways and Infrastructure V Pte Limited for 100% equity stake sale of its subsidiary i.e Baharampore Farakka Highways Limited ('BFHL'). During the current year, Share Purchase Agreement (SPA) has been executed on 15 February 2023 and the equity consideration has been received on 28 March 2023.

Pursuant to the above as at 31 March 2023, BFHL has been presented as discontinued operations in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. The requisite disclosures in accordance with Ind AS 105 are given below:

Financial performance from discontinued operations

Particulars	For the period 1 April 2022 to 28 March 2023	For the year ended 31 March 2022
Statement of profit and loss		
Total income	379.93	188.57
Total expenses	405.93	195.59
Loss before tax	(26.00)	(7.02)
Tax expenses	(0.17)	(13.07)
Loss after tax	(26.17)	(20.09)
Other comprehensive income	-	-
Cash flow statement		
Net cash generated from operating activities	173.61	309.48
Net cash used in investing activities	(67.67)	(0.02)
Net cash used in financing activities	(95.73)	(30.79)
Net cash generated from discontinued operations	10.21	278.67

WALKER CHANDIOK & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Note 18 Equity share capital

	As at 31 March 2023 Number	₹ In crore	As at 31 March 2022 Number	₹ In crore
Authorised share capital				
Equity shares of ₹ 1 each	2,000,000,000	200.00	2,000,000,000	200.00
Total authorised share capital	2,000,000,000	200.00	2,000,000,000	200.00
Issued, subscribed and paid-up equity share capital:				
Equity shares of ₹ 1 each, fully paid up	1,512,976,244 ^	151.31	1,512,976,244 ^	151.31
^ excludes 13,225 equity shares forfieted by the Company				
Total issued, subscribed and paid-up equity share capital	1,512,976,244	151.31	1,512,976,244	151.31

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	₹ In crore
As at 1 April 2021	1,512,976,244	151.31
Issued during the year	-	-
As at 31 March 2022	1,512,976,244	151.31
Issued during the year	-	-
As at 31 March 2023	1,512,976,244	151.31

b. Terms / rights attached to equity shares:

The Holding Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shareholding of more than 5%:

Name of the shareholder	As at 31 March 2023 No. of shares	% held	As at 31 March 2022 No. of shares	% held
Arya Capital Management Private Limited	-	-	244,013,391	16.13%
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%
Asia Opportunities IV (Mauritius) Limited	115,462,961	7.63%	115,462,961	7.63%
HDFC Trustee Company Limited	73,580,077	4.86%	73,580,077	4.86%

As per the records of the holding company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d. Bonus shares / buy back shares for consideration other than cash issued during past five years:

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil
(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil
(iii) Aggregate number and class of shares bought back - Nil

e. Shareholding of promoters

As at 31 March 2023

Name of promoters	As at 31 March 2023 No. of shares held	% of total shares	As at 31 March 2022 No. of shares held	% of total shares	% Change during the year
Arya Capital Manegement Private Limited	-	-	244,013,391	16.13%	16.13%
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%	-
Hincon Finance Limited	62,261,186	4.12%	62,261,186	4.12%	-
Ajit Gulabchand	2,117,294	0.14%	2,117,294	0.14%	-
Shalaka Investment Private Limited	538,000	0.04%	538,000	0.04%	-
Anjani Ashwin Parekh	251,400	0.02%	251,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

* represents less than 0.01%

As at 31 March 2022

Name of promoters	As at 31 March 2022 No. of shares held	% of total shares	As at 31 March 2021 No. of shares held	% of total shares	% Change during the year
Arya Capital Management Private Limited	244,013,391	16.13%	244,013,391	16.13%	-
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%	-
Hincon Finance Limited	62,261,186	4.12%	62,261,186	4.12%	-
Ajit Gulabchand	2,117,294	0.14%	2,117,294	0.14%	-
Shalaka Investment Private Limited	538,000	0.04%	538,000	0.04%	-
Anjani Ashwin Parekh	251,400	0.02%	251,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

* represents less than 0.01%

Hincon House, LBS Road, Vikhroli (West), Mumbai

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note 19 Other equity

	As at 31 March 2023	As at 31 March 2022
Reserves and surplus		
- Capital reserve	39.70	39.70
- Forfeited debentures account	0.02	0.02
- Securities premium	2,650.87	2,650.87
- Debenture redemption reserve	54.99	54.99
- Foreign currency monetary translation reserve	(0.17)	1.47
- General reserve	180.24	180.24
- Share option outstanding reserve	0.00 *	-
- Retained earnings	(3,622.20)	(3,574.12)
Other comprehensive income		
- Equity instruments at fair value through other comprehensive income	(11.01)	(11.54)
- Translation loss relating to foreign operation (net)	(158.13)	(152.07)
Non-controlling interest	0.00 *	0.00 *
Total	(865.69)	(810.45)

* Represents amount less than ₹ 1 lakh

Nature and purpose of reserves

i. Capital reserve

The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own equity instruments to capital reserve. Capital reserve represents gain arising from business combination and gain / loss on account of acquisition / divestment of non-controlling interest/ merger of subsidiaries.

ii. Forfeited debentures account

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

iii. Securities premium

Securities premium is used to record the premium on issue of shares or debentures. This account is utilised in accordance with the provisions of the Companies Act, 2013.

iv. Debenture redemption reserve

The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures. Consequent to the amendment in the provision of Act, requirement to create reserve in respect of certain debenture have been withdrawn.

v. Foreign currency monetary translation reserve

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

vi. General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

vii. Share option outstanding reserve

The share option outstanding reserve represents reserve in respect of equity settled share options granted to the Holding Company's employees in pursuance of the Employee Stock Option Plans.

viii. Retained earnings

Retained earnings represents the profits/ losses that the Group has earned / incurred till date including gain / (loss) on fair value of defined benefits plans as adjusted for distributions to owners, transfer to other reserves etc.

ix. Equity instruments at fair value through other comprehensive income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amount from this reserve to retained earnings when the relevant equity securities are disposed off.

x. Translation loss relating to foreign operation (net)

The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in 'Translation loss relating to foreign operation (net)' in other equity.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 20 Long term borrowings

	As at 31 March 2023	As at 31 March 2022
I. Non-current borrowing:		
Secured		
A. Non-Convertible Debentures		
(i) From banks	3,203.97	-
B. 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	863.92	854.22
(ii) From others	77.92	88.29
C. Foreign Currency Term Loans from banks	274.02	213.57
D. Other term loans		
(i) From banks	-	590.55
(ii) From others	-	87.61
Less : Transferred to liabilities held for sale [Refer notes 17.3, 25.1, 34]	-	(678.16)
Unsecured		
A. Non-Convertible Debentures		
(i) From banks	404.30	-
B. Foreign Currency Term Loan from bank	26.98	22.39
Total non-current borrowings	4,851.11	1,178.47
II. Current borrowing:		
Secured		
i) Current maturities of long-term debts:		
(a) Non-Convertible Debentures	34.93	41.12
(b) Foreign Currency Term Loans from others	7.83	72.04
(c) Rupee Term Loans (RTL-A)		
(i) From banks	-	53.61
(ii) From others	-	25.90
(d) Rupee Term Loans (RTL-1)		
(i) From banks	-	47.91
(ii) From others	-	41.93
(e) Rupee Term Loans (RTL-2)		
(i) From banks	-	287.37
(ii) From others	-	37.93
(f) Working Capital Term Loan from Banks (WCTL-2)		
(i) From banks	-	4.52
(ii) From others	-	11.08
(g) 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	107.99	225.68
(ii) From others	9.74	23.09
(h) Other term loans		
(ii) From banks	27.00	86.51
	187.49	958.69
ii) Cash credit facilities (Repayable on demand)	-	1,154.31
iii) Other working capital loans from banks	245.75	784.05
Unsecured		
i) Current maturities of long-term borrowings		
a) Foreign Currency Term Loan from Others	-	-
ii) Other bank loans	10.17	164.60
Total	443.41	3,061.65
Less: Transferred to liabilities held for sale (Refer note 25.1)	-	(2,448.94)
Total current borrowings	443.41	612.71
Total borrowings	5,294.52	1,791.18

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

20.1 Details of security and terms of repayment

I. Secured

(a) Non-Convertible Debentures (NCDs)

i) NCDs issued by Prolific Resolution Private Limited ('PRPL')

During the current year, the Holding Company has novated specified debt of lenders aggregating ₹ 2,854.40 crore to the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims by way of Deed of Assignment dated 10 August 2022 between Holding Company, lenders of Holding Company and the Company.

NCDs have been issued to the lenders as part of the Resolution Plan with a tenure of 8 years and a coupon of 0.01% with an interest yield of 12.00% p.a. in yield equalization compounded and payable on a yearly basis. These NCDs are issued in 2 Series namely Series I and Series II having different security structure as given in security details. Refer note 20.1.1 for details of security. These NCDs are listed NCDs in BSE. Repayment schedule is as stated below:

Date of repayment	Series I Amount	Series II Amount
30-Sep-30	690.90	165.42
30-Sep-29	575.75	137.85
30-Sep-28	460.60	110.28
30-Sep-27	345.45	82.71
30-Sep-26	230.30	55.14
Total	2,303.00	551.40

ii) Non Convertible Debentures - LIC

These debentures were classified as RTL-1 and RTL -A as on 31 March 2022. These debentures carried an interest yield of 11.50% p.a. and were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021.

During the current year, the Holding Company implemented its debt resolution plan with lenders pursuant to which principal outstanding of RTL-1 as at 1 July 2022 have been settled by issuing fresh NCDs. These NCDs carry an interest yield of 11.50% p.a. quarterly compounding and a coupon of 0.01% p.a. and are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029. Refer note 20.1.2 for security details.

(iii) Non Convertible Debentures - Karnataka Bank

These debentures are issued to one of the lender of erstwhile subsidiary, which carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable on 31 March 2026. These NCDs are secured by exclusive charge upto 0.19% on specific claims of the Holding Company.

(iv) Non Convertible Debentures - ACRE

These debentures have been issued during the current year. These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These are repayable in 2 structured instalments on 31 March 2026 and 30 June 2029. These NCDs are secured by exclusive charge upto 49.53% on specific claims of the Holding Company.

(b) 0.01% Optionally Convertible Debentures (OCDs)

OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the issuance, the OCDs were to be converted into non-convertible debentures in case of non-occurrence of event of default as per the guidelines of the S4A Scheme. Pursuant to the exemption provided by the Securities and Exchange Board of India ('SEBI') from the application of Regulation 75 of SEBI ICDR regulations to the Holding Company, the tenure of OCDs has been extended for a further 2.5 years beyond the statutorily prescribed period of 18 months. The lenders have an option to convert the OCDs into equity shares of the Holding Company, in accordance with the terms thereof including in case of any event of default or default in payment during the 10 years from the date of issuance of respective OCDs. However, further lenders have extended the repayment period till 31 March 2029. The repayment tenure has been approved by SEBI. Accordingly, the revised repayment of the OCD commenced from 31 March 2023. Details of principal maturity have been provided below. Refer note 20.1.3 for security details.

Date of repayment	Amount
31 March 2024	117.73
31 March 2025	176.60
31 March 2026	176.60
31 March 2027	176.60
31 March 2028	176.60
31 March 2029	235.44
Total	1,059.57

(c) Foreign Currency Term Loans

(i) Export-Import Bank of India

The loan availed by HCC Mauritius Enterprise Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first *drawal* ending on 31 March 2025.

This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pledge of equity shareholding of the borrower held by Holding Company (iii) a first charge over specific fixed assets of Holding Company having written down value of ` 50 crore (at the time of original sanction in May 2010) (iv) pledge of 33% equity share holding of Steiner AG, held by HMEL, a subsidiary company (v) non disposal undertaking for non-disposal of shareholding in Steiner AG or any other SPV created for the purpose of acquisition.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(ii) Export-Import Bank of India

The loan availed by HCC Mauritius Investment Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025.
This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pari-passus first charge over specific fixed assets of Holding Company (also encumbered for term loan availed by HMEL from Exim bank for acquisition of 66% of the equity shares of Steiner AG) (iii) corporate guarantee by HMEL (iv) pledge of 66% equity share holding of Steiner AG, held by HMEL, a subsidiary company (including pari-passu pledge on 33% shares encumbered for term loan availed by HMEL from Exim bank) (v) pledge of 100% equity shares of HMIL held by Holding Company (vi) pledge of 34% equity shares of Steiner AG, held by HMIL, a subsidiary company.

(iii) Asia Opportunities IV (Mauritius) Limited
The FCTL carried a floating interest rate equal to 3 month LIBOR plus 350 basis points and were repayable in 3 quarterly instalments commencing from 31 December 2019.
During the current year, the Holding Company implemented debt resolution plan pursuant to which the same has been restructures and are payable in 7 structured annual instalments commencing from 31 March 2023. The FCTL carries a floating interest rate equal to LIBOR plus 350 basis points.The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation.

(d) Other term loans - Baharampore Farakka Highways Limited
(i) Carrying interest rate ranging 9.75% to 10.75 % p.a. repayable in 52 unstructured quarterly instalments commencing from March 2016 and ending in 30 June 2029.

(ii) Carrying interest rate ranging 9.75 % to 11.00% p.a. repayable in 52 unstructured quarterly installments commencing from June 2018 and ending on September 2031.

(e) Rupee Term Loans (RTL-A)
RTL-A carried an interest rate of 11.75% p.a., payable monthly, to be reset annually with a two years moratorium and repayment terms of five years commencing 25 May 2017. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details.

(f) Rupee Term Loans 1 (RTL-1) and Rupee Term Loans 2 (RTL-2)
RTL - 1 and RTL - 2 carried an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details.

(g) Working Capital Term Loan (WCTL-2)

Working Capital Term Loan (WCTL-2) carried an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021, During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details.

(h) Other term loans from banks

i) Loan availed by Highbar Technologies Limited
Term Loan from ICICI bank carrying interest rate of ICICI Base Rate (9.25% p.a.) plus 2.25% p.a. This loan is repayable within 10 years in 28 structured quarterly instalments commencing from 15 April 2016 and ending on 15 January 2023. As on 31 March 2023, this loan is still overdue and expected to be repaid within next 12 months.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

ii) Loan availed by Raiganj Dalkhola Highways Limited
Rupee Term Loan I from Banks are Secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement and pledge of 51% shareholding of the promoters.
The land is under lien by way of mortgage to SBI Cap Trustee Company Limited by way of charge dated 03 March 2011.

Rupee Term Loan II are Secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement and pledge of 51% shareholding of the promoters.
The land is under lien by way of mortgage to SBI Cap Trustee Company Limited by way of charge modified dated 30 May 2016.

Term Loans from Banks and IIFCL are secured by way of first pari-passu charge on all assets, both present and future, excluding the project assets as defined in the concession agreement dated 28 June,2010 and pledge of 28.22% equity shares of the company held by promoter companies.

Loans are taken under Common Loan Agreement (CLA) and are secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement & pledge of 1,53,00,000 shares of the promoters equity shareholding.

The loans have been classified as Non Performing Assets (NPA) and IIFCL have recalled the entire financial assisance exteneded by them to the Company vide letter dated 3 October 2018.In financial it is netted with transaction cost.

(i) Cash credit facilities
Cash credit facilities carried a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points and were repayable on demand. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.5 for security details.

(j) Working capital loan

i) Working Capital Loans of Holding Company carried a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.5 for security details.

ii) Working Capital Demand Loan from bank include loan facilities availed by Steiner AG, a subsidiary company, aggregating ₹ 245.75 crore (31 March 2022: ₹ 147.49 crore) secured by first charge by way of a (i) mortgage on land in favour of a foreign bank (Project: Vista Nobile) (ii) mortgage on a land in favour of a foreign bank (Project: BASF Wandenswil).

Note 20.1 Details of security

Note 20.1.1: Non-Convertible Debentures issued by Prolific Resolution Private Limited

Series I - First Ranking Pari passu Charge over Specified Awards and Claims
Series II - Second Ranking Pari passu Charge over Specified Awards and Claims

Note 20.1.2: Non-Convertible Debentures - LIC
1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectors at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to LIC -NCD are as below:
1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.

2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders for LIC-NCD and OCD
1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Holding Company.
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of Mr. Ajit Gulabchand, Chairman and Non-Executive Director of the Holding Company.

Note 20.1.3: Optionally Convertible Debentures (OCDs) are secured in the form of:
1. First ranking pari passu charge on all of the Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and
2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security perfection has been completed on the OCD facilities issued as part of the S4A scheme.

Note 20.1.4 RTL-A, RTL-1, RTL-2 and WCTL-2 are secured in the form of:
1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectare at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Holding Company (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future current assets of the Holding Company (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

The above security having ranking in respect to RTL1 and RTL-A are as below:
1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.
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.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Collateral security pari-passu with lenders defined in MRA:

1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Company.
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of Mr. Ajit Gulabchand, Chairman and Non-Executive Director of the Company.

Note 20.1.5 Security and terms for Cash Credit Facilities and Other Working Capital Demand Loan:

1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectors at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The above security having ranking as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA are same as indicated in note 19.1.1.
The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Holding Company.
The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

II. Unsecured

(a) Foreign Currency Term Loan from Bank
During the previous year, the Holding Company has entered into an amendment agreement with the lender wherein the parties have agreed to restructure the outstanding amounts for USD 6.89 Million with fixed interest rate of 1.91% compounded annually, repayable in 3 structured instalments commencing from 31 December 2028 and ending on 31 December 2030.

(b) Non Convertible Debentures - ARCIL
These debentures have been issued during the current year. These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029.

(c) Non Convertible Debentures - Others
These debentures are classified as NCDs and carry an interest yield of 9.5% p.a. quarterly compounding and a coupon of 0.01% p.a. and are repayable in 3 structured instalments on 30 June 2029 and on 30 June 2031.

CHANDIOK & CO LLP WALKER MUMBAI CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 20.2 Net debt reconciliation

An analysis of net debt and the movement in net debt for the year ended 31 March 2022 and 31 March 2021 is as follows:

Particulars	31 March 2023	31 March 2022
Cash and cash equivalents	581.91	720.97
Non-current borrowings	4,851.11	1,856.62
Current borrowings	443.41	3,061.65
Interest payable	1,843.16	1,689.80
Net debt	6,555.78	5,887.10

Particulars	Cash and cash equivalents (A)	Non-current borrowings (B)	Current borrowings (C)	Interest payable (D)	Total (D) = B + C - A
Net debt as at 1 April 2021	642.13	2,008.17	3,124.93	1,238.25	5,729.22
Net increase in cash and cash equivalents	61.65	-	-	-	(61.65)
Repayment of long-term borrowings	-	(55.84)	-	-	(55.84)
Repayment of short-term borrowings	-		(158.99)	-	(158.99)
Foreign exchange fluctuations	17.19	-	-	(6.67)	(23.86)
Gain on one-time settlement	-	-	-	(106.10)	(106.10)
Reclassification	-	(95.71)	95.71	-	-
Interest expense	-	-	-	814.57	814.57
Interest paid	-	-	-	(250.25)	(250.25)
Net debt as at 31 March 2022	720.97	1,856.62	3,061.65	1,689.80	5,887.10
Net debt as at 1 April 2022	720.97	1,856.62	3,061.65	1,689.80	5,887.10
Net increase in cash and cash equivalents	(161.49)	-	-	-	161.49
Repayment of long-term borrowings	-	(175.43)	-	-	(175.43)
Repayment of short-term borrowings	-	-	(26.00)	-	(26.00)
Foreign exchange fluctuations	22.43	(4.79)	-	-	(27.22)
Gain on debt resolution plan	-	-	-	(223.30)	(223.30)
Impact of deconsolidation of erstwhile subsidiary	-	(584.14)	(64.62)	-	(648.76)
Reclassification	-	129.74	(129.74)	-	-
Conversion of other financial liability to debt (Refer note 21.1)	-	773.42	-	332.36	1,105.78
Impact of resolution plan (Refer note 34.1)	-	2,855.69	(2,397.13)	(458.56)	(0.00)
Gain on one time settlement	-	-	(0.75)	(43.21)	(43.96)
Interest expense	-	-	-	812.66	812.66
Interest paid	-	-	-	(266.59)	(266.59)
Net debt as at 31 March 2023	1,302.88	6,707.73	3,505.06	3,532.97	12,442.88

Note 20.3 Default in repayment of borrowings

As at 31 March 2023, the subsidiary companies has defaulted in repayment of borrowings (non-current and current) including interest thereon. The item-wise breakup is as under:

Sr. No.	Particulars	Period	Principal	Interest
1	Term Loans from Banks	Upto 30 days	10.65	2.84
		31 to 90 days	-	0.21
		91 to 180 days	-	0.81
		181 to 365 days	12.40	32.38
		> 365 days	6.63	2.54
2	Term Loans from Financial Institutions	31 to 90 days	-	-
		91 to 180 days	-	-
		181 to 365 days	4.32	6.91
Total			34.00	45.69

As at 31 March 2022, the Group has defaulted in repayment of borrowings (non-current and current) including interest thereon. The item-wise breakup is as under:

Sr. No.	Particulars	Period	Principal	Interest
1	Non-Convertible Debentures	31 to 90 days	-	-
		91 to 180 days	1.49	0.02
		181 to 365 days	2.98	0.23
2	Term Loans from Banks	Upto 30 days	-	0.09
		31 to 90 days	13.65	21.82
		91 to 180 days	20.83	14.39
		181 to 365 days	125.05	152.98
		> 365 days	305.59	117.79
3	Term Loans from Financial Institutions	31 to 90 days	1.56	7.93
		91 to 180 days	6.86	4.19
		181 to 365 days	24.76	39.90
		> 365 days	157.40	36.95
4	Working Capital Demand Loans	> 365 days	636.57	44.84
5	Cash Credit Facilities	31 to 90 days	-	-
		181 to 365 days	-	-
		> 365 days	493.74	118.98
6	Other Bank Loans	31 to 90 days	-	-
		91 to 180 days	10.73	1.02
		181 to 365 days	-	-
		> 365 days	153.89	47.34
	Total		1,955.09	608.47

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 20.4 Reconciliation of stock statement submitted to the consortium banks with books of account where borrowings have been availed based on security of current assets:

By Holding Company

Quarter ended	Name of the Bank	Particulars	'Amount as per books of accounts	Amount reported in the quarterly return / statement	Amount of difference	Reason for material variances
31 March 2022	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	3,028.59	2,187.87	840.72	Refer note below
		Trade Receivables	4,234.78	1,748.15	2,486.63	
30 June 2022		Inventory & Unbilled work-in-progress	3,026.01	2,295.50	730.51	Refer note below
		Trade Receivables	4,279.58	1,726.20	2,553.38	

Quarter ended	Name of the Bank	Particulars	'Amount as per books of accounts	Amount reported in the quarterly return / statement	Amount of difference	Reason for material variances
30 June 2021	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,741.38	2,160.21	581.17	Refer note below
		Trade Receivables	4,285.78	2,410.07	1,875.71	
30 September 2021		Inventory & Unbilled work-in-progress	2,796.76	2,205.14	591.62	Refer note below
		Trade Receivables	3,800.76	1,631.40	2,169.36	
31 December 2021		Inventory & Unbilled work-in-progress	2,989.20	2,287.09	702.11	Refer note below
		Trade Receivables	3,961.10	1,713.78	2,247.32	

i) Difference is mainly on account of arrangement with banks/ financial institution, which requires the Holding Company to submit the details of inventory, trade receivable, unbilled work-in-progress excluding projects executed as joint operations and projects which are closed/ suspended/ terminated etc.

ii) No other group company has availed borrowings based on security of current assets.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note 21 Other financial liabilities	As at 31 March 2023	As at 31 March 2022
Non-current		
Security deposits	0.14	0.13
Interest accrued but not due (Refer note 21.2)	1,656.36	1,014.86
Financial liabilities of erstwhile subsidiary assumed (Refer note 21.1)	-	490.20
Financial guarantees	52.23	49.70
Total non-current financial liabilities	1,708.73	1,554.89
Current		
Interest accrued but not due (Refer note 21.2)	143.65	445.77
Interest accrued and due	64.83	612.35
Unpaid dividends	0.00 *	0.00 *
Financial guarantees	0.36	-
Financial liabilities of erstwhile subsidiary assumed (Refer note 21.4)	275.39	494.56
Others		
- Due to employees	60.04	97.93
- Liability for capital goods	9.25	6.46
- Interest payable on contractee advances	279.23	213.44
- Refundable bid bond deposit (Refer note 21.3)	9.75	-
- Other liabilities	14.17	20.17
	856.67	1,890.68
Less: Transferred to liabilities held for sale (Refer note 25)	-	(473.66)
Total current financial liabilities	856.67	1,417.02
Total other financial liabilities	2,565.40	2,971.91

* Represents amount less than ₹ 1 lakh

Other financial liabilities carried at amortised cost	2,565.40	2,971.91
Other financial liabilities carried at FVPL	-	-

Note 21.1: Liability towards invocation of put options and corporate guarantees by lenders of Lavasa Corporation Limited ('LCL')

In view of the invocation of put options by lenders of LCL and pursuant to sanction letters entered with lenders of LCL during earlier years, LCL liabilities aggregating ` 865.23 crore were taken over by the Holding Company at ` 515 crore. As per the sanction letters, these liabilities carried an interest of 9.50% p.a. compounded quarterly with effect from 1 October 2018. Further, certain lenders of LCL had invoked corporate guarantees of the Holding Company during earlier years and consequently, liabilities of ` 232.20 crore were recognised by the Holding Company.

Pursuant to default in the terms of the sanction letter, in earlier years, one of the lender issued a letter to the Holding Company for revocation of the settlement. Based on the negotiations and discussion by the management, the lender had agreed to continuing with similar settlement terms in the resturcturing plan. Pending the final approvals, the differential between the liability pursuant to the put option agreement and the liablity as per sanction letter was reported as Contingent Liability in the financial statements until period ended 31 March 2022.

During the current year, pursuant to implementation of debt resolution plan as detailed in note 34, the aforementioned liabilities have been extinguished by issuance of 7,226 NCD of face value of ` 10,00,000 each to the lenders of LCL. Refer note 20.1 for details of security and terms of repayment.

Note 21.2: Includes ₹ 353.60 crore (31 March 2022: ₹ 178.56 crore) and ₹ 13.04 crore (31 March 2021: ₹ 204.62 crore) in respect of non-current interest accrued but not due and current interest accrued but not due, respectively, towards financial liabilities of LCL assumed as mentioned in Note 21.1 above.

Note 21.3: Prolific Resolution Private Limited ('PRPL') has received Bid Bond deposit money as per Expression of Interest (EOI) on winning of Bid by Jadeja Investments Management Private Limited (JIMPL). This deposit represents 5% of the resolution amount i.e. aggregate of proposed equity and priority debt amount of ₹ 100 crore along with Voluntary deposit made by JIMPL.

Note 21.4: HCC Operations and Maintenance Limited ('HOML'), a step down subsidiary, had signed a Debenture Sale Purchase (DSP) agreement on 29 September 2017 with certain debenture holders for purchase of debentures issued by Lavasa Corporation Limited (LCL), in the event of any default for an aggregate consideration of ₹ 138 crore plus interest @ 10.27 % per annum. Pursuant to default by LCL, HOML has till date assumed liability of LCL towards these debentures amounting to ₹ 273.27 crore.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 22 Provisions		
Non-current		
Provision for employee benefits		
- Gratuity	72.01	50.70
- Pension fund	10.29	6.62
Provision for warranty (Refer note 22.1)	44.38	54.64
Provision for major maintenance (Refer notes below)	-	67.93
Less: Transferred to liabilities of a disposal group held for sale (Refer note 17.4 and 25)	-	(67.93)
Total non-current provisions	126.68	111.96
Current		
Provision for employee benefits		
- Gratuity	8.53	6.74
- Pension fund	7.08	6.09
- Leave entitlement and compensated absences	11.81	15.24
Provision for warranty (Refer note 22.1)	98.89	126.19
Provision for foreseeable losses	475.63	324.94
Provision for major maintenance (Refer notes below)	-	47.94
Less: Transferred to liabilities of a disposal group held for sale (Refer note 25)	-	(47.94)
Total current provisions	601.94	479.20
Total provisions	728.62	591.16

Note 22.1 Detail of provision for warranty is as stated below:

Opening provision as at the beginning of the year	180.83	148.26
Addition during the year	21.60	69.43
Utilised during the year	(59.16)	(36.86)
Closing provision as at the end of the year	143.27	180.83
Non current	44.38	54.64
Current	98.89	126.19
Total	143.27	180.83

This provision represent estimates made towards estimated liability arising out of contractual obligations in respect of warranties.

After the handover of the project there is a warranty liability, which lasts between 2 and 10 years, depending on the project and its components. During construction the warranty provision is recorded based on past experience and, in general, remains unchanged during construction. Actual warranty costs are recorded against the warranty provision of projects in warranty phase (pool approach). As per closing date, future warranty costs are estimated and if needed the warranty provisions are increased or released.

Note 22.2 The Group has adequately recognised forseeable losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 23 Trade payables		
Total outstanding dues of micro enterprises and small enterprises	134.67	80.07
Less: Transferred to liabilities held for sale (Refer note 25.1)	-	(0.07)
	134.67	80.00
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,856.54	3,018.30
Less: Transferred to liabilities held for sale (Refer note 25.1)	-	(39.77)
	2,856.54	2,978.54
Total trade payables	2,991.21	3,058.54

Note 23.1 Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

Note 23.2 Trade payables ageing schedule

As at 31 March 2023	Outstanding for following periods from due date of payment						
	Not due	Unbilled	Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	27.06	-	82.51	11.83	1.84	11.43	134.67
(ii) Others	973.79	609.34	895.90	66.41	49.92	261.18	2,856.54
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total trade payables	1,000.85	609.34	978.41	78.24	51.76	272.61	2,991.21

As at 31 March 2022	Outstanding for following periods from due date of payment						
	Not due	Unbilled	Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	-	-	70.77	2.22	4.61	2.47	80.07
(ii) Others	476.64	1,346.27	829.27	87.88	45.61	232.63	3,018.30
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total trade payables	476.64	1,346.27	900.04	90.10	50.22	235.10	3,098.37

Hincon House, LBS Marg, Vikhroli (W)

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 24 Other current liabilities		
Due to customers	669.19	798.84
Advance received from contractee	1,315.85	1,562.71
Statutory dues payable	55.38	38.25
Other liabilities	48.11	55.77
	2,088.53	2,455.57
Less: Transferred to liabilities held for sale (Refer note 17.4 and 25.2)	-	(10.65)
Total other current liabilities	2,088.53	2,444.92
Note 25 Liabilities held for sale		
Note 25.1 Liabilities of a disposal group held for sale (Refer notes 17.3 and 34)		
a) Current borrowings	-	2,448.94
b) Other financial liabilities	-	470.80
c) Trade payables	-	39.84
	-	2,959.58
Note: 25.2 Liabilities of discontinued operations - Baharampore Farakka Highways Limited (Refer notes 17.4 and 52)		
a) Borrowings	-	678.15
b) Other current financial liabilities	-	2.86
c) Provisions	-	115.87
d) Other current liabilities	-	10.65
	-	807.53
Total Liabilities of disposal group held for sale	-	3,767.11

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

	Year ended 31 March 2023	Year ended 31 March 2022
Note 26 Revenue from operations		
Sale of products and services:		
a) Construction revenue	9,296.45	10,204.97
b) Royalty income	5.38	2.10
c) Operation and maintenance fees	-	10.64
	9,301.83	10,217.71
Other operating revenue:		
a) Fair valuation gain on subsequent measurement of financial assets	248.55	-
b) Interest on arbitration awards	255.90	424.39
c) Provision no longer required written back	50.14	23.43
d) Others	0.17	2.74
	554.76	450.56
Total revenue from operations	9,856.59	10,668.26

Notes:

Disclosure in accordance with Ind AS 115 Revenue from Contracts with Customers

(a) Disaggregation of revenue

Group's entire business falls under one operational segment of 'Engineering and Construction'. Contract revenue represents revenue from Engineering and Construction contracts wherein the performance obligation is satisfied over a period of time. Further, the management believes that the nature, amount, timing and uncertainty of revenue and cash flows from all its contracts are similar. Accordingly, disclosure of revenue recognised from contracts disaggregated into categories has not been made.

(b) Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹ 23,343 crore (31 March 2022: ₹ 20,867 crore). Most of the Group's contracts have a life cycle of three to five years. Management expects that around 30%-35% of the transaction price allocated to unsatisfied contracts as of 31 March 2023 will be recognised as revenue during next reporting period depending upon the progress on each contracts. The remaining amounts are expected to be recognised over the next three to four years. The amount disclosed above does not include variable consideration.

(c) Contract balances

(i) Movement in contract balances during the year:

Particulars	Contract assets (unbilled work-in-progress)	Contract liabilities (due to customer)	Net contract balance
Balance as at 31 March 2021	4,003.54	1,143.93	2,859.61
Net increase / (decrease)	301.89	(345.09)	646.98
Balance as at 31 March 2022^	4,305.44	798.84	3,506.60
Net increase / (decrease)	(862.99)	(129.65)	(733.34)
Balance as at 31 March 2023	3,442.44	669.19	2,773.26

^ Includes ₹ 359.40 crore classified as assets of a disposal group held for sale (Refer note 16 and 17.3)

Note: Reduction in contract assets is primarily due to transfer of claims to Prolific Resolution Private Limited as part of debt resolution plan as referred in note 34. Further, contract liability has decreased due to higher recognition of revenue as compared to progress bills raised during the year.

(ii) Revenue recognised during the year from opening balance of contract liability amounts to ₹ 790.80 crore (31 March 2022: ₹ 1,031.73 crore)

(iii) Revenue recognised during the year from the performance obligation satisfied upto previous year amounts to ₹ 61.58 crore (31 March 2022: ₹ 479.01 crore)

(d) Out of the total revenue recognised during the year, ₹ 9,800.95 crore (31 March 2022: ₹ 10,632.09 crore) is recognised over a period of time and ₹ 55.64 crore (31 March 2022: ₹ 36.17 crore) is recognised at a point in time.

(e) There are no reconciliation items between revenue from contracts with customers and revenue recognised with contract price.

(f) Cost to obtain or fulfil the contract:

(i) Amount of amortisation recognised in Statement of Profit and Loss during the year : Nil

(ii) Amount recognised as contract assets as at 31 March 2023 : Nil

	Year ended 31 March 2023	Year ended 31 March 2022
Note 27 Other income		
a) Interest income from financial assets at amortised cost	20.95	62.94
b) Dividend from non-current investments	4.57	1.14
c) Other non-operating income:		
- Rental income	0.50	0.54
- Profit on disposal of property, plant and equipment (net)	2.89	2.36
- Exchange gain (net)	4.18	3.92
- Miscellaneous	22.65	87.30
Total other income	55.74	158.20
Note 28 Cost of materials consumed		
Stock at beginning of the year	170.05	182.15
Add: Purchases	1,042.41	876.91
	1,212.46	1,059.06
Less: Sale of scrap and unserviceable material	(36.66)	(23.95)
	1,175.80	1,035.11
Less: Stock at the end of the year	(166.17)	(170.05)
Total cost of materials consumed	1,009.64	865.06

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

	Year ended 31 March 2023	Year ended 31 March 2022
Note 29 Changes in inventories		
Opening inventory	308.69	291.55
Less: Closing inventory	(319.73)	(308.69)
Total changes in inventories	(11.04)	(17.14)
Note 30 Employee benefits expense		
Salaries and wages	752.67	799.60
Contribution to provident and other funds	29.00	67.70
Staff welfare	55.00	66.23
Share based payment expense	0.00*	-
Total employee benefits expense	836.67	933.53

Note 30.1 On 29 September 2022, the Holding Company has obtained approval from shareholders by way of a special resolution in the Annual General Meeting for payment of managerial remuneration to Whole Time Directors ('WTDs') aggregating ₹ 10.50 crore for the financial year ending 31 March 2023. Consequent to the successful implementation of the resolution plan by the Holding Company effective 26 September 2022, the Company was no longer required to obtain the prior approval from lenders.

Further, the managerial remuneration to WTDs for the period 1 April 2019 to 31 March 2022 aggregating ₹ 41.65 crore was accrued, of which ₹ 6.41 crore was paid, for which the approval from shareholders were obtained but the requisite approval from lenders were awaited. In the absence of the specific approval from lenders, the Holding Company has decided to reverse/ adjust the aforementioned managerial remuneration from WTDs. In view of the successful implementation of the resolution plan with lenders, the Holding Company has also decided to make payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to WTDs for the period 01 April 2019 to 31 March 2022 and shareholders approval in the Annual General Meeting held on 29 September 2022 by way of a special resolution has been obtained by the Holding Company.

The aforementioned payments are in accordance with section 197 of the Act and no further approvals are required to be obtained by the Holding Company.

	Year ended 31 March 2023	Year ended 31 March 2022
Note 31 Finance costs		
Interest expense on:		
- debentures	605.37	259.80
- term loan and cash credit facilities	134.14	393.68
- financial liabilities of an erstwhile subsidiary	90.15	156.77
- advance from contractee	100.38	108.75
- lease liabilities (Refer note 41)	2.93	3.32
- others	18.71	47.38
Other borrowing costs		
- guarantee commission	50.60	62.37
- others	10.03	4.19
Total finance costs	1,012.31	1,036.26
Note 32 Depreciation and amortisation expense		
a) Depreciation of tangible assets (Refer note 3A)	83.75	99.93
b) Depreciation on right-of-use assets (Refer note 3B)	30.81	30.32
c) Depreciation of investment properties (Refer note 4)	0.03	0.03
d) Amortisation of intangible assets (Refer note 5)	13.96	8.06
Total depreciation and amortisation expense	128.55	138.34
Note 33 Other expenses		
a) Stationery, postage, telephone and advertisement	5.70	4.67
b) Travelling and conveyance	41.28	34.89
c) Rates and taxes	30.02	24.27
d) Power, fuel and water	147.65	137.83
e) Insurance	28.87	30.49
f) Rent (Refer note 41)	91.70	98.64
g) Professional fees	60.76	47.85
h) Repairs and maintenance - building	4.83	4.02
i) Repairs and maintenance - others	11.87	11.16
j) Directors' sitting fees	0.57	0.75
k) Payment to auditors	6.65	5.95
l) Office expenses	13.60	25.05
m) Operation, maintenance and warranty	95.07	104.88
n) Selling and distribution expenses	4.44	5.66
o) IT support and computer maintenance	7.97	7.42
p) Loss allowance on financial assets	29.72	16.90
q) Miscellaneous expenses	30.83	25.78
Total other expenses	611.53	586.21

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
Note 34 Exceptional items		
a) Gain on implementation of debt resolution plan of Holding Company (Refer note 34.1)	223.30	-
b) Gain on one-time settlement with a customer (Refer note 34.2)	-	354.54
c) Gain on deconsolidation of a erstwhile subsidiary (Refer note 52)	142.48	-
d) Gain on settlement of debt (Refer note 34.3 below)	43.96	106.10
Total exceptional Items	409.74	460.64

Notes :

Note 34.1 During the current year, the Holding Company has successfully implemented its debt resolution plan in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019 and pursuant to the approval granted by the Members in their Extra-Ordinary General Meetings held on 29 June 2021 and 23 March 2022. The key highlights of the Debt Resolution Plan are as follows:

a) Effective 1 July 2022, the Holding Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,894.11 crore in favor of PRPL;

b) PRPL has issued and allotted 28,544 non-convertible debentures ('NCD') having a face value of ₹ 1,000,000 each at par aggregating ₹ 2,854.40 crore for the consideration other than cash representing the debt novated to PRPL by the Company and the balance amounting to ₹ 1.29 crore has been paid upfront to the lenders;

c) The Holding Company has furnished Corporate Guarantee in favor of the PRPL's lenders for debt novated to PRPL as well as pledge of shares held by the Holding Company in PRPL to secure the above NCD's;

d) The specified terms of facilities have been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Holding Company, whose liabilities were taken over in earlier years by the Holding Company pursuant to exercise/ invocation of Put options and Corporate Guarantees issued by the Holding Company to LCL lenders. The liability towards LCL lenders has been extinguished by issuance of NCD; and

e) Upon the repayment of PRPL's liabilities, the beneficial interest of the PRPL's assets yet to be recovered or outstanding shall be assigned/ transferred and distributed between HCC and lenders of PRPL as per agreed terms and conditions.

Consequent to the above, assets and liabilities of a disposal group held for sale aggregating ₹ 2,894.11 crore and ₹ 2,855.69 crore, respectively, have been derecognised effective 1 July 2022. In addition, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, has been recognised in Statement of Profit and Loss and has been presented as an exceptional item.

Note 34.2 Gain on one-time settlement with a customer

On 22 September 2020, HCC Concessions Limited ('HCON') completed the 100% stake sale of its erstwhile subsidiary i.e. FRHL to Cube Highways II Pte. Ltd. ('Cube'). Additionally, as part of the agreement with Cube, HCON continued to remain entitled to its share of proceeds from settlement with NHAI, earn-outs (contingent on traffic/ revenue projections) and royalty representing revenue share from FRHL over the concessions period. During the previous year, material condition precedents were fulfilled for realisability of its share of settlement proceeds with NHAI, royalty income from FRHL and interest on holdback amounting to ₹ 312.56 crore, ₹ 23.97 crore and ₹ 18 crore, respectively. Accordingly, HCON (merged with HCC Infrastructure Company Limited ('HICL')) recognised the aforementioned receivables aggregating ₹ 354.54 crore in these financial statements. Considering the nature and materiality of amounts, the same was presented under exceptional items in the financial statements for the year ended 31 March 2022.

Note 34.3 Gain on settlement of debt

During the previous year, pursuant to an one time settlement by HICL with its lenders, the total outstanding debt (including interest thereon) aggregating ₹ 371.10 crore was settled for ₹ 265.00 crore resulting in a gain of ₹ 106.10 crore. Similiarly, in the current year, Raiganj Dalkhola Highways Limited ('RDHL'), wholly owned subsidiary of HICL, entered into one time settelment with its lenders, where part of outstanding debt (including interest thereon) aggregating ₹ 92.43 crore was settled for ₹ 48.47 crore resulting in a gain of ₹ 43.96 crore. The aformentioned resultant gains have been presented as exceptional items.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note 35 Earnings / (loss) per share (EPS)

Basic and diluted EPS

		Year ended 31 March 2023	Year ended 31 March 2022
Earnings/ (loss) per share (Face value of ₹ 1 each) - for continuing operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(26.59)	571.74
B. Weighted average number of equity shares for EPS computation	(Nos.)	1,512,976,244	1,512,976,244
Add: Effect of dilution on account of employee stock option issued		12,035	-
Weighted average number of equity shares adjusted for the effect of dilution		1,512,988,279	1,512,976,244
C. EPS	(₹ per share)		
- Basic EPS		(0.18)	3.78
- Diluted EPS		(0.18)	3.78
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(1.25)	(9.00)
B. Weighted average number of equity shares for EPS computation	(Nos.)	1,512,976,244	1,512,976,244
Add: Effect of dilution on account of employee stock option issued		12,035	-
Weighted average number of equity shares adjusted for the effect of dilution		1,512,988,279	1,512,976,244
C. EPS - Basic and Diluted	(₹ per share)		
- Basic EPS		(0.01)	(0.06)
- Diluted EPS		(0.01)	(0.06)
Earnings / (loss) per share (Face value of ₹ 1 each) - for total operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(27.84)	562.74
B. Weighted average number of equity shares for EPS computation	(Nos.)	1,512,976,244	1,512,976,244
Add: Effect of dilution on account of employee stock option issued		12,035	-
Weighted average number of equity shares adjusted for the effect of dilution		1,512,988,279	1,512,976,244
C. EPS - Basic and Diluted	(₹ per share)		
- Basic EPS		(0.19)	3.72
- Diluted EPS		(0.19)	3.72

WALKER CHANDIOK & Co LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Note 36 Contingent liabilities and commitments

A. Contingent liabilities	As at 31 March 2023	As at 31 March 2022
(i) Claims not acknowledged as debts by the Group	194.39	181.32
(ii) Income tax liability that may arise in respect of which the Group is in appeals	118.18	132.01
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	162.66	205.53
(iv) Put option given to lenders of Lavasa Corporation Limited to sell debentures to the Holding Company in the event of default (including interest and penal charges thereon) (Refer note 21.1)	-	976.60
(v) Other	-	0.99

Note : It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

	As at 31 March 2023	As at 31 March 2022
B. Commitments		
(i) Capital commitment (net of advances)	1.29	294.08
(ii) Other commitments	-	1.25

Note 37 : HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 31 March 2023 stands at ₹ 7,275.47 crore.

LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debts due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial statements as at year ended 31 March 2023, as impact, if any, is currently unascertainable.Further, the aforementioned liabilities of lenders are restricted to HREL and do not have any recourse to the Holding Company or other Group companies.

Note 38 : Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables includes ₹ 602.33 crore, ₹ 255.69 crore and ₹ 57.52 crore, respectively, outstanding as at 31 March 2023 representing receivables from customers of Holding Company based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work; for which Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.

Note 39 : Short-term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), a wholly owned step-down subsidiary, as at 31 March 2023 includes ₹ 43.13 crore and ₹ 50.63 crore, respectively, for which confirmations from lenders have not been received. Further, during the year, Yes Bank has assigned entire RDHL loan/ facility to J.C. Flowers Asset Reconstruction Private Limited ("JCF ARC") on 16 December 2022. The loan / facility has been assigned as per stipulations under Financing Agreements executed amongst the consortium lenders including Yes Bank. Yes Bank has stated that the total loan outstanding as on 30 November 2022 is ₹ 44.75 crore, however the same is subject to reconciliation. In the meanwhile, the Company has also requested JCF ARC to provide the detailed loan statements, terms of repayment and interest rate etc, which is still awaited. In the absence of such confirmation or communication, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders / bankers at the terms specified in the agreements. RHDL's believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

Note 40 : The Notification under Section 3C(1) under the Maharashtra Slum Area (Improvement & Redevelopment) Act, 1971 declaring the land parcel at Vikhroli (East) held by the Panchkutir Developers Limited ('PDL'), a subsidiary of Holding Company, as "Slum Rehabilitation Area" has been challenged by some persons and appeals preferred are pending in the Bombay High Court. Similarly, a suit filed in the High Court by some persons for declaration that they are Lessees of the said property is also pending. Suit filed by PDL for vacant and peaceful possession of part of the said land is in the Small Causes Court, Mumbai. On 12 December 2021, Small Causes Court passed ex-parte decree & judgement in PDL's favour. The opposite party has filed application to set aside the order of Decree and Judgement.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note 41 Leases - Ind AS 116

Right-of-use assets:

The net carrying value of right-of-use assets as at 31 March 2023 amounts to ₹ 186.80 crore (31 March 2022 : ₹ 217.61 crore) have been disclosed on the face of the balance sheet. (Also, refer note 3B)

Lease liabilities:

As at 31 March 2023, the obligations under leases amounts to ₹ 217.05 crore (31 March 2022 : ` 226.82 crore), which have been classified as lease liabilities on the face of balance sheet [non-current ` 185.70 crore and current ` 31.35 crore (31 March 2022 : non-current ` 197.67 crore and current ` 29.15 crore)]

The following is the movement in lease liabilities:

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	226.82	243.68
Additions during the year	-	2.16
Finance cost accrued during the year	0.13	3.41
Payment of lease liabilities	(9.77)	(19.01)
Translation difference	(0.13)	(3.42)
Balance at the end of the year	217.05	226.82

The table below provides details regarding the contractual maturities (undiscounted) of lease liabilities:

Lease Liabilities	Carrying amount	Contractual cash flows			
		Total	0-1 year	1-5 years	5 years and above
31 March 2023	217.05	244.23	36.81	143.60	63.82
31 March 2022	226.82	255.42	34.99	130.78	89.65

During the year ended 31 March 2023, the Group recognised the following in the Statement of Profit and Loss:

(i) Depreciation expense from right-of-use assets of ₹ 30.81 crore (31 March 2022 ₹ 30.32 crore) (Refer note 32)

(ii) Finance cost on lease liabilities of ₹ 0.13 crore (31 March 2022 ₹ 3.41 crore) (Refer note 31)

(iii) Rent expense amounting to Nil (31 March 2022 Nil) and ` 91.70 crore (31 March 2022 ` 98.64 crore) pertaining to leases with less than twelve months of lease term have been included under rent expense (Refer note 33). Further the group does not have rent expenses relating to leases of low-value assets.

CHANDIOK & CO LLP WALKER MUMBAI CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 42 Related Party Disclosures

A. Names of related parties and nature of relationship

Sr N	Name	Country of incorporation	Group's holding as at (%)	
			31 March 2023	31 March 2022
a)	**Joint venture**			
	Werkarena Basel AG	Switzerland	**50.00**	50.00
b)	**Associates**			
	Evostate AG	Switzerland	**30.00**	30.00
	Evostate Immobilien AG (Subsidiary of Evostate AG)	Switzerland	**30.00**	30.00
	MCR Managing Corp. Real Estate	Switzerland	**30.00**	30.00
	Hegias AG, Zurich (with effect from 18 August 2022)	Switzerland	**23.20**	-
	Highbar Technocrat Limited	India	**49.00**	49.00

c) Key Management Personnel and relative of Key Management Personnel

Name	Relationship
Mr. Ajit Gulabchand	Chairman and Managing Director (upto 31 March 2023) Chairman and Non-Executive Director (w.e.f. 1 April 2023)
Mr. Jaspreet Bhullar	Chief Executive Officer (from 23 March 2022 to 31 March 2023) Chief Executive Officer and Managing Director (w.e.f. 1 April 2023)
Mr. Arjun Dhawan	Group Chief Executive Officer and Whole Time Director (upto 22 March 2022)
Mr. Mukul Sarkar	Nominee Director
Mr. N. R. Acharyulu	Independent Director
Dr. Mita Dixit	Independent Director
Mr. Anil C. Singhvi	Independent Director (upto 23 December 2021)
Mr. Arun Karambelkar	Non-Executive, Non-Independent Director (w.e.f 23 June 2021)
Mr. Mahendra Singh Mehta	Independent Director
Mr. Santosh Janakiram Iyer	Independent Director
Mr. Vithal P. Kulkarni	Company Secretary (upto 12 May 2022)
Mr. Nitesh Jha	Company Secretary (w.e.f 12 May 2022)
Mr. Rahul Rao	Chief Financial Officer (w.e.f 12 August 2021)
Mr. U.V. Phani Kumar	Chief Executive Officer - E&C (upto 23 March 2022)

d) Other related parties

Name	Relationship
Mrs. Shalaka Gulabchand Dhawan	Daughter of Chairman and Non-Executive Director and Wife of Vice Chairman and Whole Time Director
Gulabchand Foundation (formed under section 25 of the erstwhile Companies Act, 1956)	Other related party
Hincon Holdings Limited	Other related party
Hincon Finance Limited	Other related party
Shalaka Investment Private Limited	Other related party
Aarya Capital Management Private Limited	Other related party
HCC Employee's Provident Fund	Post-employment contribution plan
Stiftung der Steniner AG (Steiner pension foundation)	Post-employment benefit plan

(Amount in ₹ crore, unless otherwise stated)

Note 42 Disclosure in accordance with Ind AS 24 Related Party Disclosures
B. Nature of Transactions

	As at 31 March 2023	As at 31 March 2022
Transactions with related parties:		
Revenue from operations		
Joint ventures		
- Werkarena Basel AG	1.81	172.66
	1.81	172.66
Associate		
- Highbar Technocrat Limited	0.16	0.22
	0.16	0.22
Reimbursement of expenses		
Associates		
- Highbar Technocrat Limited	-	0.77
	-	0.77
Other related parties		
- Hincon Finance Limited	-	0.26
	-	1.03
Professional fees		
Associates		
- Highbar Technocrat Limited	2.28	3.83
	2.28	3.83
Other services received		
Other related party		
- Hincon Holding Limited	-	0.24
	-	0.24
Associate		
- Evostate AG	-	2.69
	-	2.69
Remuneration paid/ accrued to Key Management Personnel		
(a) Short-term employee benefits		
- Mr. Ajit Gulabchand	5.13	6.17
- Mr. Arjun Dhawan	4.67	6.63
- Mr. Vithal P. Kulkarni	0.30	1.16
- Mr. U. V. Phani Kumar	-	2.95
- Mr. Jaspreet Bhullar	2.49	0.31
- Mr. Rahul Rao	1.19	0.69
- Mr. Nitesh Kumar Jha	0.38	-
	14.16	17.91
(b) Post employment benefits		
- Mr. Ajit Gulabchand	0.37	0.83
- Mr. Arjun Dhawan	0.33	0.37
- Mr. U. V. Phani Kumar	-	0.09
- Mr. Jaspreet Bhullar	0.10	0.00 *
- Mr. Rahul Rao	0.06	0.04
- Mr. Nitesh Kumar Jha	0.01	-
	0.87	1.33
(c) Total remuneration [(a) + (b)]		
- Mr. Ajit Gulabchand	5.50	7.00
- Mr. Arjun Dhawan	5.00	7.00
- Mr. Vithal P. Kulkarni	0.30	1.16
- Mr. U. V. Phani Kumar	-	3.04
- Mr. Jaspreet Bhullar	2.59	0.31
- Mr. Rahul Rao	1.25	0.73
- Mr. Nitesh Kumar Jha	0.39	-
	15.03	19.24
Remuneration paid/ accrued		
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	1.30	1.28
	1.30	1.28
Directors' sitting fees paid / accrued		
Key management personnel		
- Mr. Anil C. Singhvi	-	0.10
- Mr. N. R. Acharyulu	0.18	0.16
- Mr. Arun V. Karambelkar	0.01	0.04
- Mr. Santosh Jankiram Iyer	0.10	0.11
- Mr. Mahendra Singh Mehta	0.15	0.18
- Mr. Mukul Sarkar	0.04	0.05
- Dr. Mita Dixit	0.09	0.11
	0.57	0.75

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022
(Amount in ₹ crore, unless otherwise stated)

Note 42 Disclosure in accordance with Ind AS 24 Related Party Disclosures

	As at 31 March 2023	As at 31 March 2022
Outstanding balances:		
Outstanding receivables		
Trade receivables		
Joint ventures		
- Werkarena Basel AG	-	16.95
Associate		
- Highbar Technocrat Limited	0.14	0.35
	0.14	17.30
Other receivables		
Other related parties		
- Hincon Holdings Limited	-	0.01
	-	0.01
Inter corporate deposits		
Joint ventures		
- Werkarena Basel AG	36.11	34.71
Associate		
- Evostate AG	0.47	22.61
	36.58	57.32
Outstanding payables		
Other payables		
Associates		
- Highbar Technocrat Limited	1.75	1.90
Other related parties		
- Hincon Holdings Limited	0.00 *	0.01
	1.75	1.91
Retention payable		
Associates		
- Highbar Technocrat Limited	-	0.72
	-	0.72
Remuneration payable (net)		
- Key management personnel		
- Mr. Ajit Gulabchand	0.35	17.39
- Mr. Arjun Dhawan	0.12	16.77
- Mr. Rahul Rao	0.10	0.10
- Mr. Jaspreet Bhullar	0.22	0.32
- Mr. Nitesh Kumar Jha	0.03	-
- Mr. U. V. Phani Kumar	-	0.15
- Mr. Vithal P. Kulkarni	-	0.08
	0.82	34.81
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	0.11	0.11
	0.11	0.11
	0.93	34.92

* represents amount less than ₹ 1 lakh.

Notes:

(i) The above figure does not include provisional gratuity liability valued by an actuary, as

(ii) Refer note 20 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Holding Company or the related parties.

(iii) All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 43 Financial Instruments

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

(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 were as follows:

As at 31 March 2023

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value	Total fair value
Assets:						
Investments:						
Investments in equity shares (unquoted)	6, 6A	-	-	14.21	14.21	14.21
Investments in equity shares (quoted)	6A	-	-	4.90	4.90	4.90
Investments in debentures	6A	-	-	-	-	-
Investment in mutual funds (unquoted)	13	-	0.70	-	0.70	0.70
Trade receivables	7	2,850.80	-	-	2,850.80	2,850.80
Loans	8	42.26	-	-	42.26	42.26
Other financial assets	9	87.41	3,127.97	-	3,215.38	3,215.38
Cash and cash equivalents	14	581.91	-	-	581.91	581.91
Bank balances other than cash and cash equivalents	15	571.63	-	-	571.63	571.63
Liabilities:						
Borrowings (including current maturities of long-term debts)	20	5,294.53	-	-	5,294.53	5,294.53
Trade payables	23	2,991.21	-	-	2,991.21	2,991.21
Lease liabilities	41	217.05	-	-	217.05	217.05
Other financial liabilities	21	2,565.40	-	-	2,565.40	2,565.40

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2022

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value	Total fair value
Assets:						
Investments:						
Investments in equity shares (unquoted)	6, 6A	-	-	16.12	16.12	16.12
Investments in equity shares (quoted)	6A	-	-	6.32	6.32	6.32
Investments in debentures	6A	-	15.46	-	15.46	15.46
Investment in mutual funds (unquoted)	13	-	0.66	-	0.66	0.66
Trade receivables	7	4,613.04	-	-	4,613.04	4,613.04
Loans	8	57.32	-	-	57.32	57.32
Others financial assets	9	111.51	-	-	111.51	111.51
Cash and cash equivalents	14	720.97	-	-	720.97	720.97
Other bank balances	15	821.42	-	-	821.42	821.42
Liabilities:						
Borrowings (including current maturities of long-term debts)	20	4,918.28	-	-	4,918.28	4,918.28
Trade payables	23	3,058.53	-	-	3,058.53	3,058.53
Lease liabilities	41	226.82	-	-	226.82	226.82
Other financial liabilities	21	3,445.57	-	-	3,445.57	3,445.57

B Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	31 March 2023			31 March 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in equity shares (quoted)	4.90	-	-	6.37	-	-
Investments in equity shares (unquoted)	-	13.65	0.56	-	15.29	0.78
Investments in debentures (unquoted)	-	-	-	-	15.46	-
Investment in mutual funds (unquoted)	-	0.70	-	-	0.66	-
Other financial assets	-	-	3,127.97	-	-	-

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note 44 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

I) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

a) Interest rate risk

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) total equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Year ended 31 March 2023	Year ended 31 March 2022
Increase in basis points	100 basis points	
Increase	2.92	12.80
Decrease in basis points	100 basis points	
Decrease	(2.92)	(12.80)

b) Foreign currency risk

The Group has several balances in foreign currency and consequently the Group is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The following table analyses foreign currency risk from financial instruments as at 31 March 2023

(currency in crore)

Particulars	USD	EUR	SEK	CHF	SGD	CAD
Assets						
Advance to suppliers	0.01	0.01	-	-	-	0.02
Trade receivables	0.00 *	0.09	-	1.10	-	-
Bank balances (including deposit accounts)	0.00 *	0.01	-	7.89	-	-
Other financial assets	-	-	-	0.19	-	-
Unbilled work-in-progress (contract asset)	-	0.09	-	15.24	-	-
	0.01	0.20	-	24.42	-	0.02
Liabilities						
Borrowings	4.12	-	-	2.77	-	-
Advance from contractee	-	0.61	-	-	-	-
Trade payables	0.27	0.32	0.12	12.27	0.01	-
Interest accrued	0.24	-	-	-	-	-
	4.63	0.93	0.12	15.04	0.01	-
Net assets / (liabilities)	(4.62)	(0.73)	(0.12)	9.38	(0.01)	0.02

The following table analyses foreign currency risk from financial instruments as at 31 March 2022.

(currency in crore)

Particulars	USD	EUR	SEK	CHF	SGD	CAD
Assets						
Advance to suppliers	0.01	0.08	0.05	- *	-	0.02
Trade receivables	0.00 *	0.19	-	4.03	-	-
Bank balances (including deposit accounts)	0.00 *	0.00 *	-	12.05	-	-
Other financial assets	-	-	-	0.61	-	-
Unbilled work-in-progress (contract asset)	-	0.11	-	16.56	-	-
	0.01	0.38	0.05	33.25	-	0.02
Liabilities						
Borrowings	4.46	-	-	1.83	-	-
Advance from contractee	-	0.62	-	-	-	-
Trade payables	0.27	0.23	0.01	14.99	0.00 *	-
Interest accrued	0.55	-	-	-	-	-
	5.28	0.85	0.01	16.82	0.00 *	-
Net assets / (liabilities)	(5.27)	(0.47)	0.04	16.43	(0.00)	0.02

Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31 March, 2022 : 5%) would have increased/ (decreased) total equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

	Year ended 31 March 2023	Year ended 31 March 2022
Increase in basis points	100 basis points	100 basis points
Increase	17.30	42.36
Decrease in basis points	100 basis points	100 basis points
Decrease	(17.30)	(42.36)

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

c) Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors review and approve all equity investment decisions.

As at 31 March 2023, the exposure to listed equity securities including mutual fund at fair value was ₹ 4.89 crore (31 March 2022: ₹ 6.32 crore). A movement (decrease / increase) of 10% in the value of listed securities could have an impact of approximately ₹ 0.49 crore on the Other Comprehensive Income or equity attributable to owners of parent. These changes would not have a material effect on the total equity and profit or loss of the Group.

ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

a) Trade receivable (gross of provision)
Trade receivables are typically unsecured and are derived from revenue earned from two main classes of trade receivables i.e. receivables from government promoted agencies and receivables from private third parties. A substantial portion of the Group's trade receivables are from government promoted agencies having strong credit worthiness.

	As at 31 March 2023		As at 31 March 2022	
	Amount	%	Amount	%
Trade receivable				
- from government promoted agencies	2,294.95	79.57%	3,841.69	83.22%
- from private parties	589.16	20.43%	774.49	16.78%
Total trade receivables^ (Refer note 7)	2,884.11	100.00%	4,616.18	100.00%

^ Includes balances classified assets of a disposal group held for sale as at 31 March 2022.

The movement of the allowance for lifetime expected credit loss is stated below:

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	3.14	3.01
Allowance for expected credit loss	29.72	16.90
Impact of exchange fluctuation	0.45	0.10
Written off as bad debts	-	(16.87)
Balance at the end of the year	33.31	3.14

b) Financial assets other than trade receivables

Financial assets other than trade receivables comprise of cash and cash equivalents, bank balances other than cash and cash equivalents, loan to employees and other financial assets. The Group monitors the credit exposure on these financial assets on a case-to-case basis. Based on the Group's historical experience, the credit risk on other financial assets is also low.

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from external customers:		
India	5,477.18	4,720.73
Outside India	4,379.41	5,947.53
Total revenue from operations	9,856.59	10,668.26

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from top customer	723.00	803.10
Revenue from top five customers	2,903.09	2,399.95

For the year ended 31 March 2023, Nil (31 March 2022: Nil) customer, individually, accounted for more than 10% of the revenue.

c) Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings.

iii) Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	Less than 1 year #	1 - 5 years	More than 5 years	Total
As at 31 March 2023				
Borrowings (including interest accrued)	630.22	4,144.83	2,392.80	7,167.85
Trade payables	2,509.04	482.17	-	2,991.21
Lease liabilities	36.81	143.60	63.82	244.23
Other financial liabilities	648.20	52.37	-	700.55
Total	3,824.27	4,822.97	2,456.62	11,103.84
As at 31 March 2022				
Borrowings (including interest accrued)	3,876.02	1,992.38	53.55	5,921.95
Trade payables	2,726.63	331.91	-	3,058.54
Lease liabilities	34.99	130.78	89.65	255.42
Other financial liabilities	801.71	587.68	-	1,389.39
Total	7,439.35	3,042.75	143.20	10,625.30

Includes loan repayable on demand

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note 45 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The Group strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt (excluding interest accrued) divided by total capital plus total debt.

	As at 31 March 2023	As at 31 March 2022
Total debt	5,294.52	4,918.28
Total equity plus total debt	(754.08)	(698.84)
Total debt to equity ratio (gearing ratio)	(7.02)	(7.04)

In the long run, the Group's strategy is to maintain a positive gearing ratio of less than 1.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 46 Disclosures required pursuant to Ind AS 102 Share Based Payment

The Holding Company during the current year ended 31 March 2023 has granted stock options under the HCC Employees Stock Option Scheme ('ESOP Scheme'). These options would vest based on the vesting conditions as per letter of grant executed between the Holding Company and its employees. Each option when exercised would be converted into one fully paid up equity share of ₹ 1 each of the Holding Company. The relevant details of the scheme, grant and activity under ESOP Scheme are summarised below:

A. The number and weighted average exercise prices of, and movements in, share option:

Particulars	No of Options	Exercise Price (₹)
Options outstanding as at 1 April 2021	-	-
Options granted during the year	-	-
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
Options outstanding as at 31 March 2022	-	-
Options outstanding as at 1 April 2022	-	-
Options granted during the year	371,748	13.45
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
Options outstanding as at 31 March 2023	371,748	13.45

The weighted average of the remaining contractual life is 2.96 years.

B. Fair value of the options has been calculated using Black Scholes Pricing Model. The following inputs were used to determine the fair value for options granted during the period:

Particulars	Unit	ESOP Scheme
Vesting period	Years	3 years
Date of grant	Date	15 March 2023
Market price	₹	₹ 14.85
Expected life	Years	2.96 years
Volatility	%	64%
Risk free rate	%	7.36%
Exercise price	₹	₹ 13.45
Dividend yield	%	NIL
Option fair value	₹	₹ 8.31

Note:

Expected volatility reflects assumption that the historical volatility over a year similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 47 Interest in other entities

47.1 Subsidiaries

The Group's subsidiaries as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Steiner AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Construction SA (Incorporated w.e.f.12 July 2022)	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner (Deutschland) GmbH	Germany	100.00	100.00	-	-	Engineering and construction
VM + ST AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Leman SAS	France	100.00	100.00	-	-	Engineering and construction
Steiner India Limited	India	100.00	100.00	-	-	Engineering and construction
Manufakt8048 AG	Switzerland	100.00	100.00	-	-	Engineering and construction
HCC Contract Solutions Limited	India	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Infrastructure Company Limited**	India	100.00	100.00	-	-	Infrastructure - Toll Management
Baharampore-Farakka Highways Limited (Upto 28	India	100.00	100.00	-	-	Infrastructure - Toll Management
Narmada Bridge Tollway Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
Raiganj-Dalkhola Highways Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
Badarpur Faridabad Tollway Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
HCC Operation and Maintenance Limited	India	100.00	100.00	-	-	Infrastructure - Operation and Maintenance of Road
HREL Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
Panchkulir Developers Limited	India	100.00	100.00	-	-	Real Estate 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
Powai Real Estate Developer Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Realty Limited	India	100.00	100.00	-	-	Real Estate Development
Western Securities Limited	India	97.87	97.87	2.13	2.13	Others - Insurance auxiliary services
Highbar Technologies Limited	India	100.00	100.00	-	-	Others - Information Technology
HCC Aviation Limited	India	100.00	100.00	-	-	Others - Aircraft services
Prolific Resolution Private Limited	India	100.00	100.00	-	-	Others - Services of recovering, assessing Managing claim, awards etc

^ Including through subsidiary companies

** The Board of Directors of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary of the Holding Company, at its meeting held on 18 November 2021 had approved a Scheme of Merger by absorption (the 'Scheme') of HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited (together referred to as the 'transferor companies') with HICL. The shareholders of the transferor companies had also approved the Scheme at their separate meetings

The Hon'ble National Law Tribunal, Mumbai Bench ('NCLT') has approved the aforesaid scheme vide its order dated 23 November 2022 pronouncing 1 April 2021 as the 'Appointed Date'. The certified true copy of the said order was received by HICL on 9 February 2023 and the order was filed with the Registrar of Companies on 30 March 2023. Pursuant to the Scheme, HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited which hitherto considered as subsidiary has now been merged with HICL w.e.f. 1 April 2021.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

47.2 Non-controlling interest (NCI)

The following table summarises the information relating to the subsidiaries that has NCI. The amounts disclosed are before intra-group eliminations

Particulars	Western Securities Limited	
	31 March 2023	31 March 2022
NCI percentage	2.13%	2.13%
Summarised balance sheet		
Current assets (A)	0.66	0.56
Non-current assets (B)	2.18	2.48
Current liabilities (C)	0.75	0.69
Non-current liabilities (D)	0.14	0.15
Net assets (A+B-C-D)	1.95	2.20
Net assets attributable to NCI	0.04	0.05
Summarised statement of profit and loss		
Revenue	-	0.15
Profit/(loss) for the year	(0.23)	0.12
Other comprehensive income/(loss)	(0.01)	0.03
Total comprehensive income	(0.24)	0.15
Profit/(loss) allocated to NCI	(0.00) *	0.00 *
OCI allocated to NCI	(0.00) *	0.00
Total comprehensive income allocated to NCI	0.00 *	0.00 *
Summarised cash flows		
Cash flow from operating activities	0.21	(0.15)
Cash flow from investing activities	(0.15)	(0.61)
Cash flow from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	0.06	(0.76)

* Represents amount less than ₹ 1 lakh

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

47.3 Interest in associates and joint ventures

	Note	Carrying amount as at	
		31 March 2023	31 March 2022
Interest in associates	See (A) below	59.66	20.47
Interest in joint ventures	See (B) below	0.00 *	0.00 *
		59.66	20.47

(A) Interest in associates

The Group's associates as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of Incorporation	Ownership Interest (%)	Carrying amount as at ^		Principal activities
			31 March 2023	31 March	
Evostate AG	Switzerland	30.00	10.57	3.66	Real estate development
MCR Managing Corporate Real Estate AG	Switzerland	30.00	1.41	0.84	Real estate development
Hegias AG	Switzerland	23.20	27.19	NA	IT services
Highbar Technocrat Limited	India	49.00	20.49	15.97	IT services
Total			59.66	20.47	

^ Unlisted entity - no quoted price available

Refer note 47.4 for the summarised financial information of associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil.

(B) Interest in joint ventures

The Group's joint ventures as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at ^		Principal activities
			31 March 2023	31 March	
Werkarena Basel AG	Switzerland	50.00	0.00 *	0.00 *	Real estate development
			0.00	0.00	

* Represents amount less than ₹ 1 lakh.
^ Unlisted entity - no quoted price available

Refer Note 47.5 for the table below provide summarised financial information of joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant joint ventures and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in joint ventures is Nil

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note 47.4 Table below provide summarised financial information for associates

Particulars	Evostate AG		MCR Managing Corporate Real Estate AG		Hegias AG	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Summarised Balance Sheet						
Current assets (A)	346.86	181.95	5.18	3.24	16.49	-
Non-current assets (B)	-	0.81	-	-	25.04	-
Current liabilities (C)	315.18	166.97	0.46	0.41	7.61	-
Non-current liabilities (D)	-	-	-	-	0.58	-
Net assets (A+B-C-D)	31.68	15.79	4.72	2.83	33.34	-
Summarised Statement of Profit and Loss						
Revenue	-	96.44	0.22	-	14.46	-
Profit / (loss) for the year (A)	22.69	2.24	1.50	(1.61)	(13.10)	-
Other comprehensive income (B)	-	-	-	-	-	-
Total comprehensive income (A+B)	22.69	2.24	1.50	(1.61)	(13.10)	-

Particulars	Highbar Technocrat Limited	
	31 March 2023	31 March 2022
Summarised Balance Sheet		
Current assets (A)	68.49	57.37
Non-current assets (B)	3.53	8.16
Current liabilities (C)	29.25	32.03
Non-current liabilities (D)	0.97	0.92
Net assets (A+B-C-D)	41.80	32.58
Summarised Statement of Profit and Loss		
Revenue	99.12	104.88
Profit/(loss) for the year (A)	9.73	5.58
Other comprehensive income (B)	(0.53)	(0.20)
Total comprehensive income (A+B)	9.20	5.38

* Represents amount less than ` 1 lakh

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 47.5 - Financial information for joint ventures:

Particulars	Werkarena Basel AG	
	31 March 2023	31 March 2022
Summarised Balance Sheet		
Cash and cash equivalents	18.14	4.32
Other assets	441.30	375.84
Current assets (A)	**459.44**	**380.16**
Non-current assets (B)	-	-
Financial liabilities (excluding trade and other payable and provision)	-	0.47
Other liabilities	302.55	235.85
Current liabilities (C)	**302.55**	**236.32**
Financial liabilities (excluding trade and other payable and provision)	143.60	-
Other liabilities	-	138.86
Non-current liabilities (D)	**143.60**	**138.86**
Net assets (A+B-C-D)	**13.29**	**4.98**
Summarised Statement of Profit and Loss		
Revenue (A)	**1.98**	**0.47**
Employee benefit expenses	-	-
Depreciation and amortization	-	-
Finance Cost	3.84	4.49
Other Expenses	1.34	2.35
Total Expenses (B)	**5.18**	**6.84**
Profit/ (Loss) before Exceptional items (C=A-B)	**(3.20)**	**(6.37)**
Tax Expense (D)	0.79	-
Profit for the year from continued business (E=C-D)	**(2.41)**	**(6.37)**
Loss from discontinued business (F)	-	-
Profit for the year (G=E+F)	**(2.41)**	**(6.37)**
Other Comprehensive Income (H)	2.24	-
Total comprehensive income (I=G+H)	**(0.17)**	**(6.37)**

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 47.6 Interest in other entities (Joint operations (unincorporated entities))

The Group's share of interest in joint operations is set out below:

Name of the entity	% of ownership interest held by the Group		Name of Joint operator	Principal place of business	Principal activities
	31 March 2023	31 March 2022			
HCC - L&T Purulia Joint Venture	57.00	57.00	Larsen and Toubro Limited	India	Construction
Nathpa Jhakri Joint venture	40.00	40.00	Impregilio-Spa, Italy	India	Construction
Kumagai - Skanska - HCC - Itochu Joint Venture	19.60	19.60	Skanska, Kumagai	India	Construction
Alpine - Samsung-HCC Joint Venture	33.00	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	India	Construction
Alpine - HCC Joint Venture	49.00	49.00	Alpine Meyreder Bau	India	Construction
HCC - Samsung Joint Venture CC-34	50.00	50.00	Samsung C&T Corporation	India	Construction
HCC - HDC Joint Venture	55.00	55.00	Hyundai Development Company	India	Construction
HCC - VCCL Joint Venture	50.00	50.00	Vensar Constructions Co Ltd	India	Construction

i) **Classification of joint arrangements**

The aforementioned entities are joint arrangements whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Holding Company (i.e. Joint Operator) recognises its direct right to assets, liabilities, revenue and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses and are incorporated in the Holding Company's financial statements under the respective financial statement line item.

	As at 31 March 2023	As at 31 March 2022
ii) Summarised balance sheet		
Total assets	265.14	272.30
Total liabilities	394.62	440.44
iii) Contingent liability/ capital commitment as at reporting date		
Contingent liability	32.23	32.23
Capital and other commitment	-	-

	Year ended 31 March 2023	Year ended 31 March 2022
iv) Summarised statement of profit and loss account		
Revenue from operations	359.79	360.23
Other income	2.29	4.81
Total expenses (including taxes)	362.65	358.81

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

Note 48 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

As at 31 March 2023

Name of the entity	Country of incorporation	% of voting power	Net assets / (liabilities) i.e. total assets minus total liabilities		Share in profit / (loss) (including discontinued operations)		Share in other comprehensive income		Share in total comprehensive income / (loss)	
			Amount	As % of consolidated net assets / (liabilities)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Hindustan Construction Company Limited	India	-	720.92	92.92%	253.42	-459.89%	0.66	-1.83%	254.08	-278.03%
Subsidiaries **										
Indian										
HCC Real Estate Limited	India	100.00%	(537.86)	-69.33%	(1.56)	2.83%	-	-	(1.56)	1.71%
HCC Infrastructure Company Limited	India	100.00%	171.74	22.14%	111.77	-202.83%	0.12	-0.33%	111.89	-122.43%
HCC Construction Limited	India	100.00%	(0.00)	0.00%	(0.01)	0.01%	-	-	(0.01)	0.01%
Panchkutir Developers Limited	India	100.00%	41.97	5.41%	(0.00)	0.00% *	-	-	(0.00)	0.00%
Maan Township Developers Limited	India	100.00%	(11.33)	-1.46%	(0.00)	0.00%	-	-	(0.00)	0.00%
HRL Township Developers Limited	India	100.00%	(0.54)	-0.07%	(0.00)	0.00%	-	-	(0.00)	0.00%
Western Securities Limited	India	97.87%	1.96	0.25%	(0.23)	0.42%	(0.01)	0.03%	(0.24)	0.27%
Highbar Technologies Limited	India	100.00%	5.45	0.70%	3.08	-5.58%	(0.19)	0.53%	2.89	-3.17%
Prolific Resolution Private Limited	India	100.00%	7.20	0.93%	(58.73)	106.57%	-	0.00%	(58.73)	64.26%
Foreign										
Steiner AG	Switzerland	100.00%	487.33	62.81%	(351.79)	638.40%	(24.60)	67.78%	(376.39)	411.86%
HCC Mauritius Enterprises Limited	Mauritius	100.00%	(88.17)	-11.36%	(19.35)	35.12%	(9.32)	25.67%	(28.67)	31.37%
HCC Mauritius Investments Limited	Mauritius	100.00%	(22.85)	-2.95%	8.30	-15.06%	(2.95)	8.16%	5.35	-5.85%
TOTAL			775.82	100.00%	(55.10)	100.00%	(36.29)	100.00%	(91.39)	100.00%
a) Adjustments arising out of consolidation			(1,490.20)		27.26		10.53		37.79	
b) Non-controlling interest in subsidiaries			0.00*		(0.00)*		(0.00)*		(0.00)*	
TOTAL			(714.38)		(27.84)		(25.76)		(53.60)	

* Represents amount less than ` 1 lakh

** Including step-down subsidiaries and their joint ventures / associates

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Note 48 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

As at 31 March 2022

Name of the entity	Country of incorporation	% of voting power	Net assets / (liabilities) i.e. total assets minus total liabilities		Share in profit / (loss) (including discontinued operations)		Share in other comprehensive income		Share in total comprehensive income / (loss)	
			Amount	As % of consolidated net assets / (liabilities)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Hindustan Construction Company Limited	India	-	468.33	52.63%	(153.10)	-27.81%	7.86	10.46%	(145.25)	-23.22%
Subsidiaries **										
Indian										
HCC Real Estate Limited	India	100.00%	(536.30)	-60.27%	3.15	0.57%	-	-	3.15	0.50%
HCC Infrastructure Company Limited	India	100.00%	182.73	20.54%	397.59	72.22%	0.00	0.00%	397.59	63.55%
HCC Construction Limited	India	100.00%	0.00	0.00%	(0.00)	0.00%	-	-	(0.00)	0.00%
Panchkutir Developers Limited	India	100.00%	41.97	4.72%	(0.01)	0.00% *	-	-	(0.01)	0.00%
Maan Township Developers Limited	India	100.00%	(11.33)	-1.27%	(0.01)	0.00%	-	-	(0.01)	0.00%
HRL Township Developers Limited	India	100.00%	(0.54)	-0.06%	(0.00)	0.00%	-	-	(0.00)	0.00%
Western Securities Limited	India	97.87%	2.20	0.25%	0.11	0.02%	0.04	0.05%	0.15	0.02%
Highbar Technologies Limited	India	100.00%	2.57	0.29%	0.77	0.14%	0.15	0.20%	0.92	0.15%
Prolific Resolution Private Limited	India	100.00%	(0.03)	0.00%	(0.03)	-0.01%	-	0.00%	(0.03)	-0.01%
Foreign										
Steiner AG	Switzerland	100.00%	831.88	93.49%	311.84	56.65%	71.16	94.69%	383.00	61.22%
HCC Mauritius Enterprises Limited	Mauritius	100.00%	(62.81)	-7.06%	(9.66)	-1.76%	(2.94)	-3.92%	(12.61)	-2.02%
HCC Mauritius Investments Limited	Mauritius	100.00%	(28.88)	-3.25%	(0.15)	-0.03%	(1.11)	-1.47%	(1.25)	-0.20%
TOTAL			889.79	100.00%	550.50	100.00%	75.16	100.00%	625.65	100.00%
a) Adjustments arising out of consolidation			(1,548.93)		12.25		9.91		22.16	
b) Non-controlling interest in subsidiaries			0.00*		(0.00)*		(0.00)*		(0.00)*	
TOTAL			(659.14)		562.74		85.07		647.81	

* Represents amount less than ` 1 lakh
** Including step-down subsidiaries and their joint ventures / associates

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS MUMBAI

(Amount in ₹ crore, unless otherwise stated)

Note 49 During the year ended 31 March 2023, the performance of Steiner AG ('SAG'), a wholly owned step-down subsidiary, has suffered due to the ongoing impact of the COVID pandemic on the supply chain and high inflation on construction cost further increased from the Ukraine war. This resulted in raising interest rates due to global tightening of monetary policy by all central banks and temporary reluctance of investors in the Swiss Real Estate market. Also, as at 31 March 2023, SAG is not in compliance with certain financial covenants in respect of the facility agreement with a Bank syndicate to provide guarantees for its construction projects.
The management has initiated liquidity enhancing measures including one-time settlement with customers. The management also expects the overall economic situation in Swiss market to turn back to a stable situation in the course of the year. Based on the proposed liquidity measures, the management is optimistic of successfully seeing through the current situation in next quarters and accordingly considers it appropriate to prepare the consolidated financial statements of SAG on a going concern basis.

Note 50 Segment reporting
(a) The Group is engaged in a single operating segment viz. "Engineering and Construction", which is substantially seasonal in character. The Group's chief operating decision makers monitor and review the operating result of the Group as a whole. Therefore, there are no other reportable segments for the Group as per requirements of Ind AS 108 'Operating Segment'.

(b) The geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customers located outside India.

The following information discloses external revenues and non-current assets based on the physical location of the customers.

Particulars	31 March 2023		31-Mar-22	
	In India	Outside India	In	Outside India
Revenue from operations	5,477.17	4,379.41	4,720.72	5,947.54
Non-current assets (Refer note (i) below)	564.75	293.61	595.13	317.54

Note
(i) Excludes financial instruments and deferred tax assets
(ii) For details of major customers, refer note 44 (ii).

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 51 Business Combination

The Board of Directors of the HCC Infrastructure Company Limited ('HICL') on 18 November 2021 approved a scheme of merger ('the Scheme') of HCC Concessions Ltd ('First Transferor Company' or 'HCON'), HCC Power Ltd ('Second Transferor Company' or 'HPL'), HCC Energy Limited ('Third Transferor Company' or 'HEL') and Dhule Palesnar Operation & Maintenance Ltd ('Fourth Transferor Company' or ' DPOML') (collectively together hereinafter referred to as 'Transferor Companies') with the Parent Company under Section 230 to 232 of the Companies Act, 2013 and other applicable statutory provisions. The Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') has approved the aforesaid Scheme vide its order dated 09 February 2023 with 01 April 2021 as the 'Appointed Date'. The aforesaid merger has been given accounting effect from the beginning of the preceding period, being 1 April 2021, by restating comparative financial information included in the accompanying financial statements, in accordance with the accounting prescribed in the approved Scheme and Appendix C of Ind AS 103, Business Combinations.

Summary of assets and liabilities assumed as at 01 April 2021 is given below:

Investment eliminated

Particulars	Amount
Value of investments in Transferor Companies	1,090.00
Total	**1,090.00**

Consolidated net amount of assets and liabilities

Particulars	Amount
Assets	
Non- current assets	
Property, plant and equipment	0.03
Financial assets	
Investments in subsidiaries	357.94
Investments	217.06
Loans	591.14
Other financial assets	8.61
Other non-current assets	0.56
Income tax assets (net)	17.74
Total non-current assets (A)	1,193.08
Current Assets	
Financial assets	
Trade receivables	0.29
Cash and cash equivalents	31.66
Other financial assets	204.14
Other current assets	2.08
Total current assets (B)	238.17
Total assets (C=A+B)	1,431.25
Equity and liabilities	
Equity	
Other equity	
Deemed capital contribution	0.73
Retained earnings	(562.04)
Total equity (D)	(561.31)
Liabilities	
Non-current liabilities	
Financial liabilities	
Borrowings	84.50
Other financial liabilities	7.74
Provisions	0.41
Total non-current liabilities (E)	92.65
Current Liabilities	
Financial liabilities	
Borrowings	312.66
Trade payables	
- total outstanding dues of micro enterprises and small enterprises	0.00 *
- total outstanding dues of creditors other than micro enterprises and small enterprises	11.48
Other financial liabilities	472.64
Other current liabilities	4.12
Provisions	0.80
Total current liabilities (F)	801.70
Total liabilities (G=E+F)	894.35
Total equity and liabilities (H=G+D)	333.04
Net assets acquired (after excluding share capital and deemed capital contribution) (I=C-H)	**1,098.21**
Excess of carrying value of net assets acquired over equity interest previously held, transferred	**(8.21)**

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amount in ₹ crore, unless otherwise stated)

Note 52 During the previous year, HCC Concessions Limited ('HCL') (now merged with HICL) entered into a binding term sheet with Cube Highways and Infrastructure II Pte. Limited ('Cube') for a 100% stake sale of Bahrampore-Farakka Highways Limited ('BFHL'), a step-down subsidiary of Holding Company. Consequently, the results of BFHL's operations have been presented as discontinued operations in accordance with 'Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations'.
On 28 March 2023, HCL has completed the 100% stake sale of BFHL to Cube. Pursuant to the above, HCL has received ₹ 373.99 crore towards consideration for sale of equity shares and a resultant gain of ₹ 142.48 crore on sale of BFHL has been recognised during the current quarter.
Additionally as a part of the agreement with Cube, the Group continues to be entitled to certain earn-outs (contingent on future traffic/ revenue projections), certain revenue share from BFHL over the concessions period which would overall be material in nature.

Particulars	Amount
Non-current liabilities	578.46
Current liabilities	275.63
Total liabilities (a)	**854.09**
Non-current assets	1,023.22
Current assets	62.38
Total assets (b)	**1,085.60**
Sale proceeds (c)	373.99
Gain on deconsolidation [(a) - (b) - (c)]	**(142.48)**

Note 53 Other statutory information

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the
(ii) The Group do not have any transactions with struck off companies.
(iii) The Group do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period,

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) None of the Group entities have been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) The Group has complied with the number of layers prescribed under the Companies Act, 2013.

Note 54 * represents amount less than ₹ 1 lakh.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

---

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

Shashi Tadwalkar
Partner
Membership No.: 101797

MUMBAI
WALKER CHANDIOK & Co LLP
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 18 May 2023

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Arjun Dhawan
Vice Chairman
DIN : 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 18 May 2023

Walker Chandiok & Co LLP
3rd floor, Unit No. 309 to 312,
West Wing, Nyati Unitree
Nagar Road, Yerwada,
Pune - 411006
Maharashtra, India
T +91 20 6744 8888
F +91 20 6744 8899

Independent Auditor's Report

To the Members of Hindustan Construction Company Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of **Hindustan Construction Company Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates, joint ventures and joint operations, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at **31 March 2022**, 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.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates, joint ventures and joint operations, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates, joint ventures and joint operations, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. As stated in:

   i) Note 30.1 to the accompanying Statement, the Holding Company has accounted for managerial remuneration paid/ payable to Whole Time Directors (including Chairman and Managing Director) of the Holding Company aggregating ₹ 41.07 crore for the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022, in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained by the Holding Company.

   Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter.

WALKER CHANDIOK & CO LLP * PUNE * CHARTERED ACCOUNTANTS

ii) Note 19.3 to the accompanying Statement, the Holding Company's current borrowings, other current financial liabilities and liabilities of disposal group held for sale as at 31 March 2022 include balances amounting to ₹ 49.67 crore, ₹ 320.55 crore and ₹ 2.85 crore, respectively, in respect of which confirmations from the respective banks/ lenders have not been received. Further, confirmations from banks have not been received for balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits (included under bank balances other than cash and cash equivalents) as at 31 March 2022 amounting to ₹ 2.18 crore and ₹ 0.95 crore, respectively. In the absence of such confirmations from the banks/ lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.

Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter.

iii) Note 10.1 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore as at 31 March 2022 mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Holding Company and pending the implementation of the resolution plan as referred to in Note 2.1(vi) of the accompanying consolidated financial statements, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2022.

Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter.

4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates, joint ventures and joint operations in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 17 and 18 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

5. We draw attention to:

(a) Note 37 to the accompanying consolidated financial statements, pertaining to matter on which following emphasis of matter has been included in the audit report dated 2 May 2022 on the financial statements of HREL Real Estate Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:

"Note XX to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating ₹ 6,069.65 crore (previous year: ₹ 5,764.70 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively and

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any is currently unascertainable."

(b) Note 39 to the accompanying consolidated financial statements pertaining to matter on which following emphasis of matters included in the audit report dated 9 May 2022 on the financial statements of Raiganj-Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report on matters which are relevant to our conclusion on the consolidated financial statements of the Group, and reproduced by us as under:

"Note XX and XX of notes to accounts, the Company had taken term loans from consortium of banks and financial institution. The Company borrowings have been classified as non-performing assets by the lenders due to defaults in payment of related dues. Balances of outstanding borrowings from the lenders including interest thereon, except borrowings from Yes Bank, as recorded in books of accounts of Company are unconfirmed."

Our opinion is not modified in respect of the above matters.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates, joint ventures and joint operations, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

7. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
(a) Assessment of going concern basis of accounting (Refer note 2.1(vi) to the consolidated financial statements)	
As at 31 March 2022, the Group has accumulated losses aggregating ₹ 3,690.70 crore which has resulted in full erosion of its net worth. During the year, the Holding Company continued to default on payment to its lenders as explained in aforesaid note and has overdue payments to operational creditors out of which certain operational creditors have also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far.	Our audit procedures included but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting: • Obtained an understanding of the process followed by management for identifying events or conditions that could impact the Group's ability to continue as a going concern and process followed to assess the corresponding mitigating factors existing against such events or condition. Also, obtained an understanding around the methodology adopted by the Holding Company to assess their future business performance including the preparation of a cash flow forecast for the business;

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Key audit matter	How our audit addressed the key audit matter
While the above factors indicate doubt on the Group's ability to continue as a going concern, however, as detailed in aforesaid note, the Holding Company has taken into consideration the following mitigating factors in its assessment for going concern basis of accounting in preparation of the accompanying consolidated financial statements: • Expected successful implementation of the resolution plan with the lenders; • Time bound monetization of certain non-core assets; and • Holding Company's business plan for the next twelve months. Management has prepared future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern. We have considered the assessment of management's evaluation of going concern basis of accounting as a key audit matter due to the pervasive impact thereof on the consolidated financial statements and the significant judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and determination of the overall conclusion by the management.	• Evaluated the design and tested the operating effectiveness of key controls relating to management's assessment of going concern as above; • Obtained from the management, the projected cash flows for the next twelve months basis their future approved business plans; • Tested the appropriateness of the key assumptions used by the management that had the most material impact on the cash flow forecasts and discussed these assumptions with the management and with those charged with governance. • Performed independent sensitivity analysis to test the impact of the variations on the cash flows due to change in the key assumptions; • Inspected the relevant underlying documents for assessing the appropriateness of projected cash flow for the next 12 months; • Evaluated the management's assessment of the successful implementation of the resolution plan basis current status of requisite approvals from lenders, reading of the minutes of the meetings held and understanding obtained from the management; and • Assessed the appropriateness and adequacy of the disclosures made by the management in respect of going concern in accordance with the applicable accounting standards.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(b) Uncertainties relating to recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of disposal group held for sale) and current trade receivables (Refer note 38 of the consolidated financial statements)</td></tr>
<tr><td>The Holding Company, as at 31 March 2022, has unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and current trade receivables amounting to ₹ 909.12 crore, ₹ 223.43 crore and ₹ 277.03 crore, respectively, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects where the Company is currently under negotiations/ discussions/ arbitration/ litigation with the customers.

Further, non-current trade receivables, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 31 March 2022 includes ₹ 187.59 crore and ₹ 487.14 crore and ₹ 2,283.06 crore, respectively, representing claims awarded in arbitration (including interest thereon) in favour of the Holding Company which have subsequently been challenged by the customers in higher courts.

Management, based on contractual tenability of the claims/ receivables, progress of the negotiations/ discussions/ arbitration/ litigation and relying on the legal opinion obtained from independent legal counsel, has determined that no provision is required to be recognised for the aforementioned receivables

Considering the materiality of the amounts involved, uncertainty associated with the outcome of the negotiations/ discussions/ arbitration/ litigation and significant management judgement involved in its assessment of recoverability, this was considered to be a key audit matter in the audit of the consolidated financial statements.

Further, the aforementioned matter relating to recoverability of above discussed receivables as fully explained in Note 38 to the consolidated financial statements is also considered fundamental to the understanding of the users of financial statements.</td><td>Our audit procedures included, but were not limited to, the following:

• Obtained an understanding of the management process and evaluated the design and tested the effectiveness of key internal financial controls for assessing the recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and trade receivables.

• Discussed extensively with management regarding steps taken for recovering the amounts;

• Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of these receivables and validated them with corroborating evidence;

• Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables.

• Obtained an understanding of the current period developments for respective claims/ arbitration awards pending at various stages of negotiations/ discussions/ arbitration/ litigation and corroborated the updates with relevant underlying documents.

• Reviewed the legal and contractual experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters; and

• Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.</td></tr>
</table>

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(c) Recognition of contract revenue, margin and contract costs (Refer note 2.1(xxiv) to the consolidated financial statements)</td></tr>
<tr><td>The Group's revenue primarily arises from construction contracts which, by its nature, is complex given the significant judgements involved in the assessment of current and future contractual performance obligations.

The Group recognizes contract revenue and the resultant profit/ loss on the basis of stage of completion determined based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of contract revenue and the resultant profit/ loss therefore rely on estimates in relation to forecast revenue and forecast contract costs.

These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise judgement in its assessment of the revenue on contracts which may also include variable considerations that are recognised when the recovery of such consideration is highly probable. The judgment is also required to be exercised to assess the completeness and accuracy of forecast costs to complete.

Changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margins. As a result of the above judgments, complexities involved and material impact on the related financial statement elements, this area has been considered a key audit matter in the audit of the consolidated financial statements.

WALKER CHANDIOK & CO LLP PUNE CHARTERED ACCOUNTANTS</td><td>Our audit procedures to address this key audit matter included, but were not limited to the following:

• Evaluated the appropriateness of the Group's accounting policy for revenue recognition in accordance with Ind AS 115 – Revenue from contracts with customers;

• Obtained an understanding of the Group's processes and evaluated the design and tested the operating effectiveness of key internal financial controls with respect to estimation of forecasted contract revenue and contracts costs;

• For a sample of contracts, performed the following procedures:

- inspected the underlying documents such as customer contract/ agreement and variation orders, if any, for the significant contract terms and conditions;
- evaluated the identification of performance obligations of the contract;
- obtained an understanding of and evaluated the reasonableness of the assumptions applied in determining the forecasted revenue and cost to complete;
- tested the existence and valuation of variable consideration with respect to the contractual terms and conditions and inspected the correspondence with customers; and
- reviewed the legal and contracting experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters;

• For cost incurred to date, tested samples to appropriate supporting documents and performing cut-off procedures;

• Tested the forecasted cost by obtaining executed purchase orders/ agreements/ relevant documents and evaluated the reasonableness of management judgements/ estimates; and

• Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the consolidated financial statements in accordance with the applicable accounting standards.</td></tr>
</table>

Information other than the Consolidated Financial Statements and Auditor's Report thereon

8. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board Report, Report on Corporate Governance and Management Discussion and Analysis Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the modifications pertain to excess managerial remuneration accrued/ paid to whole time directors (including chairman and managing director), non-receipt of confirmations from banks/ financial institutions and realisability of deferred tax assets. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates, joint ventures and joint operations in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate companies, joint venture and joint operations companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates, joint ventures and joint operations are responsible for assessing the ability of the Group and of its associates, joint ventures and joint operations to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates, joint ventures and joint operations.

WALKER CHANDIOK & CO LLP
PUNE
CHARTERED ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

13. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates, joint ventures and joint operations to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates, joint ventures and joint operations to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

    - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associates, joint ventures and joint operations, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

WALKER CHANDIOK & CO LLP
PUNE
CHARTERED ACCOUNTANTS

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

17. We did not audit the financial statements / financial information of thirty (30) subsidiaries included in the accompanying consolidated financial statements, whose financial statements/ financial information reflects total assets of ₹ 5,738.08 crore and net liabilities of ₹ 451.41 crore as at 31 March 2022, total revenues of ₹ 6,224.96 crore and net cash inflows amounting to ₹ 81.93 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/ loss (including other comprehensive income) of ₹ 2.57 crore for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of four (4) associates and two (2) joint ventures, whose financial statements/ information have not been audited by us. These financial statements/ 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, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

18. We did not audit the financial statements / financial information of (7) joint operations included in the accompanying consolidated financial statements, whose financial statements / financial information reflects total assets of ₹ 159.41 crore and net liabilities of ₹ 51.66 crore as at 31 March 2022, total revenues of ₹ 195.07 crore and net cash inflows amounting to ₹ 3.48 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ 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 the aforesaid joint operations, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations, are based solely on the audit reports of such other auditors.

    Further, of these joint operations, financial statements/ information of four (4) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Holding Company's management has converted the financial statements/ information of such joint operations in accordance with Ind AS. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such joint operations, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

WALKER CHANDIOK & CO LLP
PUNE
CHARTERED ACCOUNTANTS

19. We did not audit the financial information of (1) joint operations included in the accompanying consolidated financial statements, whose financial information reflects total assets of ₹ 0.13 crore and net liabilities of ₹ 2.97 crore as at 31 March 2022, total revenues of ₹ 0.07 crore and net cash outflows amounting to ₹ 0.04 crore for the year ended on that date, as considered in the consolidated financial statements. This financial information is 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 the aforesaid joint operation, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations, are based solely on such unaudited financial information. In our opinion and, according to the information and explanations given to us by the management, this financial information is not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the financial information certified by the Holding Company management.

Report on Other Legal and Regulatory Requirements

20. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 17 and 18, on separate financial statements of the subsidiaries, associates, joint ventures and joint operations, we report that the Holding Company incorporated in India whose financial statements have been audited under the Act has not paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

Further, we report that twenty-three (23) subsidiary companies and one (1) associate company incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies and associate company.

21. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraphs 17 and 18 above, of companies included in the consolidated financial statements and covered under the Act, refer Annexure II for details of qualifications and/ or adverse remarks given by respective auditors in the Order reports of such companies. The annexure also separately contains details of those companies included in the consolidated financial statements and covered under the Act for which the respective Order reports as required under Section 143(11) of the Act have not yet been issued.

22. 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, joint ventures and joint operations incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

   a) We have sought and except for the possible effects of matters described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the 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 Basis for Qualified Opinion section with respect to the financial statements of the Holding Company;

WALKER CHANDIOK & CO LLP PUNE CHARTERED ACCOUNTANTS

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 section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) the matters described in paragraph 3(iii) of the Basis for Qualified Opinion section may have an adverse effect on the functioning of the Holding Company; paragraph 5(a) of the Emphasis of Matters section may have an adverse effect on the functioning of HREL Real Estate Limited (a subsidiary of the Holding Company) and paragraphs 7(a) and 7(b) of Key Audit Matters section may have an adverse effect on the functioning 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 statutory auditors of its subsidiary companies, associate companies and joint venture companies, covered under the Act, none of the directors of the Group companies, its associate companies and joint venture companies covered under the Act, are disqualified as on 31 March 2022 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 paragraphs 3(i) to 3(iii) of the Basis for Qualified Opinion section with respect to the Holding Company;

h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure III' wherein we have expressed a modified opinion; and

i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates, joint ventures and joint operations incorporated in India whose financial statements have been audited under the Act:

   i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates, joint ventures and joint operations as at 31 March 2022, as detailed in Note 20.1, 36A(i), (ii), (iii), (iv), 37, 38 and 40 to the consolidated financial statements;

   ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 21.2 to the consolidated financial statements;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, during the year ended 31 March 2022;

   iv. a. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 51(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary

CHANDIOK & Co LLP WALKER PUNE CHARTERED ACCOUNTANTS companies, its associate companies or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in the note 51(vi) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies , its associate companies or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed, by us and that performed by the auditors of subsidiaries, associates and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Holding Company, its subsidiary companies, associate companies and joint venture companies have not declared or paid any dividend during the year ended 31 March 2022

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

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AIVRBZ9176

Place: Pune
Date: 12 May 2022

Annexure I

List of entities included in the Consolidated Financial Statements

Subsidiary Companies	
HCC Contract Solutions Limited *(Formerly know as HCC Construction Limited)*	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited	Dhule Palesner Operations & Maintenance Limited
Panchkutir Developers Limited	HCC Power Limited
HCC Mauritius Enterprises Limited	HCC Realty Limited
Highbar Technologies Limited	HCC Operation and Maintenance Limited
HCC Infrastructure Company Limited	HCC Energy Limited
HCC Mauritius Investments Limited	Steiner Promotions et Participations SA
HRL Township Developers Limited	Steiner (Deutschland) GmbH
HRL (Thane) Real Estate Limited	VM + ST AG
Nashik Township Developers Limited	Steiner Leman SAS
Maan Township Developers Limited	Steiner India Limited
Manufakt8048 AG	Powai Real Estate Developer Limited
HCC Concessions Limited *	Prolific Resolution Private Limited (w.e.f. 8 March 2021)
Narmada Bridge Tollways Limited *	Baharampore-Farakka Highways Limited *
Badarpur Faridabad Tollways Limited *	Raiganj-Dalkhola Highways Limited *

Associates	
Highbar Technocrat Limited	Projektentwicklungsges.Parking Kunstmuseum AG (upto 31 March 2021)
Evostate AG	Evostate Immobillen AG
MCR Managing Corp. Real Estate	

Joint Venture / Joint Operations	
Kumagai-Skanska-HCC-Itochu Group	Farakka-Raiganj Highways Limited (upto 22 September 2020)
HCC-L&T Purulia Joint Venture	Alpine - HCC Joint Venture
Alpine - Samsung - HCC Joint Venture	HCC Samsung Joint Venture CC 34
Nathpa Jhakri Joint Venture	ARGE Prime Tower, Zürich
HCC- HDC Joint Venture	Werkarena Basel AG
HCC – VCCL Joint Venture	

* The aforementioned entities were Joint Venture of the Group and effective 20 August 2021 have become subsidiaries of the Holding Company.

WALKER CHANDIOK & Co LLP ★ PUNE ★ CHARTERED ACCOUNTANTS

Annexure II

(Referred to in paragraph 21 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

A) Followings are the qualifications/ adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date and made available to us:

S No	Name of the entity	CIN	Holding Company / subsidiary / Associate / Joint Venture/ Joint operation	Clause number of the CARO report which is qualified or adverse
1	Western Securities Limited	U67120MH1985PLC037511	Subsidiary	Clause (iii)(b), (iii)(c) and (iv)
2	Highbar Technologies Limited	U72900MH2009PLC197299	Subsidiary	Clause (ix) and (xix)
3	Dhule Palesner Operations & Maintenance Limited	U93000MH2011PLC217639	Subsidiary	Clause (iii)(c)
4	HREL Real Estate Limited	U70100MH2005PLC154004	Subsidiary	Clause (iii)(b) and (iii)(c)
5	Panchkutir Developers Limited	U45201MH2006PLC165073	Subsidiary	Clause (iii)(b) and (iii)(c)
6	HCC Infrastructure Company Limited	U45400MH2010PLC210944	Subsidiary	Clause (iii)(c), and (xix)
7	HRL Township Developers Limited	U45201MH2006PLC163478	Subsidiary	Clause (iii)(b) and (iii)(c)
8	HRL (Thane) Real Estate Limited	U45201MH2006PLC163515	Subsidiary	Clause (i)(c)
9	Maan Township Developers Limited	U45200MH2007PLC167462	Subsidiary	Clause (i)(c), (iii)(b) and (iii)(c)
10	HCC Aviation Limited	U63033MH2008PLC182384	Subsidiary	Clause (iii)(b) and (iii)(c)
11	HCC Power Limited	U40300MH2011PLC218286	Subsidiary	Clause (iii)(b), (iii)(c), (xvi)(a) and (xix)
12	HCC Concessions Limited	U45202MH2008PLC178890	Subsidiary	(iii)(c), (xvi) and (xix)
13	Baharampore-Farakka Highways Limited	U45200MH2010PLC200748	Subsidiary	Clause (xx)(b)
14	Raiganj-Dalkhola Highways Limited	U45400MH2010PLC200734	Subsidiary	Clause (ix) and (xix)
15	HCC Energy Limited	U40300MH2015PLC267394	Subsidiary	Clause (iii)(b), (iii)(c), (xvi)(a) and (xix)

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

Annexure II (Contd)

B) Following is the company included in the consolidated financial statements for the year ended 31 March 2022 audited by other auditor, for which the reports under section 143(11) of such companies have not yet been issued by the other auditor, as per information and explanation given to us by the management in this respect:

S No	Name of the entity	CIN	Subsidiary/ Associate/ Joint Venture
1	Steiner India Limited	U45203MH2011FLC221029	Subsidiary

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

Annexure III to the Independent Auditor's Report of even date to the members of Hindustan Construction Company Limited on the consolidated financial statements for the year ended 31 March 2022

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Hindustan Construction Company Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates, joint ventures and joint operations as at and for the year ended **31 March 2022**, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies its associate companies and its joint venture companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and its joint venture companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and joint venture companies, as aforesaid.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * PUNE

Annexure III (Contd)

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2022:

   a) The Holding Company did not have an appropriate internal control system with respect to compliance with the provisions of section 197 of the Companies Act, 2013 relating to obtaining prior approval from lenders for payment/ accrual of remuneration exceeding the specified limits, as explained in Note 30.1 to the consolidated financial statements, which has resulted in a material misstatement in the value of Holding Company's employee benefit expenses, financial assets and its resultant impact on the loss after tax and the reserves and surplus including levy of fine, if any, on account of such non-compliance.

   b) The Holding Company's internal financial system with respect to assessment of recoverability of deferred tax assets, as explained in Note 10.1 to the consolidated financial statements, as per Ind AS 12 'Income Taxes' were not operating effectively, which could lead to a material misstatement in the carrying value of deferred tax assets and its resultant impact on loss after tax, reserves and surplus and related disclosures in respect thereof as at and for the year ended 31 March 2022.

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

10. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, associate companies, and its joint venture companies; except for the possible effects of the material weakness described in paragraph 8(a) above on the achievement of the objectives of the control criteria, the Holding Company, subsidiary companies, associate companies and joint venture companies which are companies covered under the Act has, in all material respects, adequate internal financial controls with reference to consolidated financial statements as at 31 March 2022, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and except for the possible effects of the material weakness described in paragraph 8(b) above on the achievement of the objectives of the control criteria, the Group's internal financial controls with reference to financial statements were operating effectively as at 31 March 2022.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * PUNE

Annexure III (Contd)

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group and its associate company and its joint venture companies, which are companies covered under the Act, as at and for the year ended 31 March 2022, and these material weaknesses have affected our opinion on the consolidated financial statements of the Group, its associate companies and its joint venture companies and we have issued a qualified opinion on the consolidated financial statements.

Other Matter

12. We did not audit the internal financial controls with reference to financial statements in so far as it relates to eighteen (18) subsidiary companies, which are companies covered under the Act, whose financial statements / financial information reflect total assets of ₹ 1,833.30 crore and net liabilities of ₹ 288.75 crore as at 31 March 2022, total revenues of ₹ 277.42 crore and net cash flow amounting to ₹ 44.40 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 2.64 crore for the year ended 31 March 2022, in respect of one (1) associate company, which is a company covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies and associate companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and associate 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.

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

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AIVRBZ9176

Place: Pune
Date: 12 May 2022

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2022

	Note No.	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
ASSETS			
Non-current assets			
Property, plant and equipment	3A	**436.23**	549.56
Right-of-use assets	3B	**217.61**	245.77
Capital work-in-progress	3C	**0.68**	1.61
Investment property	4	**2.79**	2.67
Goodwill	5	**3.38**	3.38
Other intangible assets	5	**62.54**	64.14
Intangible assets under development	5	**-**	-
Investments in associates and joint ventures	6	**20.47**	402.91
Financial assets			
Investments	6A	**37.90**	15.11
Trade receivables	7	**235.75**	-
Loans	8	**57.32**	67.44
Other financial assets	9	**42.65**	36.76
Deferred tax assets (net)	10	**743.15**	751.36
Income tax assets (net)	10	**93.53**	143.77
Other non-current assets	11	**67.90**	74.50
Total non-current assets		**2,021.90**	2,358.98
Current assets			
Inventories	12	**484.84**	479.60
Financial assets			
Investments	13	**0.66**	0.15
Trade receivables	7	**2,090.96**	4,501.79
Cash and cash equivalents	14	**720.97**	642.13
Bank balances other than cash and cash equivalents	15	**821.42**	619.49
Other financial assets	9	**284.24**	92.04
Unbilled work-in-progress (contract assets)	16	**3,729.03**	3,826.12
Other current assets	11	**322.98**	254.04
		8,455.10	10,415.36
Assets of disposal groups held for sale	17	**3,719.00**	6.49
Total current assets		**12,174.10**	10,421.85
TOTAL ASSETS		**14,196.00**	12,780.83
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	**151.31**	151.31
Other equity	18A	**(935.95)**	(1,468.90)
Equity attributable to owners of the parent		**(784.64)**	(1,317.59)
Non-controlling interest		**0.00** *	0.00 *
Total equity		**(784.64)**	(1,317.59)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	**1,178.47**	1,408.28
Lease liabilities		**225.12**	215.98
Other financial liabilities	20	**1,554.89**	1,508.17
Provisions	21	**124.05**	189.31
Deferred tax liabilities (net)	10	**31.45**	-
Total non-current liabilities		**3,113.98**	3,321.74

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2022

	Note No.	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Current liabilities			
Financial liabilities			
Borrowings	19	**612.81**	3,124.93
Lease liabilities		**1.70**	27.70
Trade payables	22		
- Total outstanding dues of micro enterprises and small enterprises		**80.00**	48.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**2,986.50**	2,999.40
Other financial liabilities	20	**1,407.32**	1,294.10
Other current liabilities	23	**2,444.92**	3,028.89
Current tax liability	10	**99.20**	0.74
Provisions	21	**467.10**	252.91
		8,099.55	10,776.68
Liabilities of disposal groups held for sale	24	**3,767.11**	-
Total current liabilities		**11,866.66**	10,776.68
TOTAL EQUITY AND LIABILITIES		**14,196.00**	12,780.83

* Represents amount less than ₹ 1 lakh

The accompanying notes form an integral part of the consolidated financial statements

This is the Consolidated Balance Sheet referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

Hindustan Construction Company Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2022

	Note No.	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Continuing Operations			
Income			
Revenue from operations	25	10,669.73	8,248.42
Other income	26	152.13	86.57
Total income		10,821.86	8,334.99
Expenses			
Cost of materials consumed	27	865.06	525.57
Subcontracting expenses		7,112.79	5,834.87
Changes in inventories	28	(17.14)	(16.51)
Construction expenses	29	306.04	260.76
Employee benefits expense	30	931.54	954.85
Finance costs	31	1,030.47	1,001.06
Depreciation and amortisation expense	32	138.34	135.51
Other expenses	33	278.82	297.64
Total expenses		10,645.92	8,993.75
Profit / (loss) before exceptional items, share of profit of associates and joint ventures and tax from continuing operations		175.94	(658.76)
Exceptional items - Gain / (Loss)	34	106.10	(274.03)
Profit / (loss) before share of profit of associates and joint ventures and tax from continuing operations		282.04	(932.79)
Share of profit of associates and joint ventures (net)		224.04	65.44
Profit / (loss) before tax from continuing operations		506.08	(867.35)
Tax expense / (credit)	10		
Current tax		46.63	8.96
Deferred tax		39.80	(266.29)
		86.43	(257.33)
Profit / (loss) for the year from continuing operations (A)		419.65	(610.02)
Discontinued Operations			
Loss from discontinued operations		(7.02)	-
Tax expense of discontinued operations		(13.07)	-
Loss for the year from discontinued operations (after tax) (B)		(20.09)	-
Net profit/ (loss) for the year from total operation (A) +(B)		399.56	(610.02)
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss (net of tax)			
- Gain on fair value of defined benefit plans as per actuarial valuation		82.49	24.96
- Gain on fair value of equity instruments		7.09	5.70
(b) Items that will be reclassified to profit or loss			
- Translation gain/ (loss) relating to foreign operations		(4.51)	28.27
Other comprehensive income for the year, net of tax (C)		85.07	58.93
Total comprehensive income / (loss) for the year, net of tax (A+B+C)		484.63	(551.09)
Net profit / (loss) for the year attributable to:			
Owners of the parent		419.65	(610.02)
Non-controlling interest		(0.00)*	0.00*
Other comprehensive income for the year attributable to:			
Owners of the parent		85.07	58.93
Non-controlling interest		(0.00)*	0.00*
Total comprehensive income / (loss) for the year attributable to:			
Owners of the parent		484.63	(551.09)
Non-controlling interest		(0.00)*	0.00*
Total comprehensive income / (loss) for the year attributable to the owener from :			
Continuing operations		504.72	(551.09)
Discontinued operations		(20.09)	-
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations			
Basic and diluted (in ₹)	35	2.77	(4.03)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
Basic and diluted (in ₹)	35	(0.13)	-
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations			
Basic and diluted (in ₹)	35	2.64	(4.03)

* Represents amount less than ₹ 1 lakh

The accompanying notes form an integral part of the consolidated financial statements

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Hindustan Construction Company Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2022

This is the Consolidated Statement of Profit and Loss referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

Hindustan Construction Company Limited
Consolidated Cash Flow Statement for the year ended 31 March 2022

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax	506.08	(867.35)
Adjustments for:		
Depreciation and amortisation expense	138.34	135.51
Finance costs	1,030.47	1,001.06
Interest income	(33.02)	(27.10)
Gain on settlement of debt	(134.35)	-
Loss on settlement with customer	-	274.03
Share of profit of associates and joint ventures	(224.04)	(65.44)
Dividend income	(1.14)	(1.05)
Unrealised foreign exchange loss/ (gain) (net)	(3.92)	5.95
Profit on disposal of property, plant and equipment (net)	(2.36)	(12.93)
Provision no longer required written back	(24.05)	(23.32)
	745.93	1,286.71
Operating profit before working capital changes	1,252.01	419.36
Adjustments for changes in working capital:		
Increase in inventories	(5.24)	(12.43)
Increase in trade receivables	(37.64)	(134.46)
(Increase) / decrease in current / non-current financial and other assets, and unbilled work-in-progress (contract assets)	97.42	(161.71)
(Increase) / decrease in trade payables, other financial liabilities, other liabilities and provisions	(574.60)	123.21
Cash generated from operations	731.95	233.97
Direct taxes refund/ (paid) {net}	20.73	113.93
Net cash generated from operating activities	752.68	347.90
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances / payables)	(89.25)	(74.81)
Proceeds from sale of property, plant and equipment and assets held for sale (including advances received)	34.30	14.14
Proceeds from sale of investments	-	9.00
Investments in bank deposits	(201.04)	(53.06)
Interest received	30.60	29.11
Dividend received	1.14	1.05
Net cash used in investing activities	(224.25)	(74.57)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of non-current borrowings	(55.84)	(89.72)
Proceeds from / (repayments of) short-term borrowings (net)	(158.99)	648.65
Repayment of lease obligations	(19.01)	(34.72)
Interest and other finance charges	(426.01)	(423.39)
Net cash generated from/ (used in) financing activities	(659.85)	100.82
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(131.42)	374.15
Cash and cash equivalents at the beginning of the year	642.13	276.11
Impact of business combination (net of discontinued operations)	193.07	-
Unrealised foreign exchange gain/ (loss)	17.19	(8.13)
Cash and cash equivalents at the end of the year (Refer note 14)	720.97	642.13

Note:
The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows.

The accompanying notes form an integral part of the consolidated financial statements

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) ★MUMBAI-83.★

Hindustan Construction Company Limited
Consolidated Cash Flow Statement for the year ended 31 March 2022

This is the Consolidated Cash Flow Statement referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN No.: 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

Hindustan Construction Company Limited
Consolidated Statement of Change in Equity for the year ended 31 March 2022

a) Equity share capital (equity shares of ₹ 1 each)

Particulars	Issued, subscribed and paid	
	Number	₹ crore
As at 1 April 2020	1,51,29,76,244	151.31
Issue of equity shares	-	-
As at 31 March 2021	1,51,29,76,244	151.31
Issue of equity shares	-	-
As at 31 March 2022	1,51,29,76,244	151.31

b) Other equity

₹ crore

Particulars	Reserves and surplus							Other comprehensive income		Non-controlling interest	Total equity attributable to equity holders
	Capital reserve	Forfeited debentures account	Securities premium	Debenture redemption reserve	Foreign currency monetary translation reserve	General reserve	Retained earnings	Equity instruments at fair value through other comprehensive income	Translation loss relating to foreign operation (net)		
As at 1 April 2020	31.49	0.02	2,650.87	54.99	7.08	180.24	(3,634.30)	(25.05)	(175.83)	0.00 *	(910.49)
Loss for the year	-	-	-	-	-	-	(610.02)	-	-	0.00 *	(610.02)
Other comprehensive income for the year	-	-	-	-	-	-	24.96	5.70	28.27	0.00 *	58.93
Restatement of foreign currency monetary translation items	-	-	-	-	(4.60)	-	-	-	-	-	(4.60)
Amortisation of foreign currency monetary translation Items	-	-	-	-	(2.72)	-	-	-	-	-	(2.72)
As at 31 March 2021	31.49	0.02	2,650.87	54.99	(0.24)	180.24	(4,219.35)	(19.35)	(147.56)	0.00 *	(1,468.90)
Profit for the year	-	-	-	-	-	-	399.56	-	-	-	399.56
Other comprehensive income for the year	-	-	-	-	-	-	82.49	7.09	(4.51)	-	85.07
Gain on fair valuation of previously held equity interest in a business combination (Refer note 50)	-	-	-	-	-	-	-	46.61	-	-	46.61
Restatement of foreign currency monetary translation items	-	-	-	-	3.84	-	-	-	-	-	3.84
Amortisation of foreign currency monetary translation items	-	-	-	-	(2.13)	-	-	-	-	-	(2.13)
As at 31 March 2022	31.49	0.02	2,650.87	54.99	1.47	180.24	(3,737.30)	34.35	(152.07)	0.00	(935.95)

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
Securities premium is used to record the premium received on issue of shares or debentures. This account is utilised in accordance with the provisions of the Companies Act, 2013 (the 'Act').

iv. Debenture redemption reserve
The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.

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

vi. General reserve
Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

vii. Retained earnings
Retained earnings represents the profits/ losses that the Group has earned / incurred till date including gain / (loss) on fair value of defined benefits plans as adjusted for distributions to owners, transfer to other reserves etc.

viii. Other comprehensive income
The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amount from this reserve to retained earnings when the relevant equity securities are disposed off.

ix. Translation loss relating to foreign operation (net)
The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in 'Translation loss relating to foreign operation (net)' in other equity.

* Represents amount less than ₹ 1 lakh
The accompanying notes form an integral part of the consolidated financial statements

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

This is the Consolidated Statement of Changes in Equity referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & CO LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

Note 1 Corporate information

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

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and joint arrangements. The Group is principally engaged in the business of providing engineering and construction services, real estate, and infrastructure. These consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2022 were authorised for issue in accordance with resolution of the Board of Directors on 12 May 2022

Note 2.1 Significant accounting policies

i Basis of preparation

The financial statements of the Group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

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

The Group's financial statements are reported in Indian Rupees, which is also the Group's functional currency, and all values are 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

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to Act. The statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with other notes required to be disclosed under the notified Ind AS and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

ii. Operating cycle for current and non-current classification

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the 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

iii. Principles of consolidation

The financial statements have been prepared on the following basis:

a. Subsidiaries

- The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.

- The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.
Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests and have been shown separately in the financial statements.

- Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.
- The gains/losses in respect of part divestment/ dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Company.

- The gains/ losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset

b. Investments in joint venture and associates

When the Group has with other parties joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises such interests as associates. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint venture and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever applicable. An investment in associate or joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture or associate. Gain or loss in respect of changes in other equity of joint ventures or associates resulting in dilution of stake in the joint ventures and associates is recognised in the Statement of Profit and Loss. On acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. The excess of fair value of assets and liabilities over the investment is recognised directly in equity as capital reserve. The unrealised profits/ losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

c. Interests in joint operations

In accordance with Ind AS 111 - Joint Arrangements, when the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Parent Company and its subsidiaries are combined for consolidation.

d. Business combination / Goodwill on consolidation

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.
The excess of the
- Consideration transferred;
- Amount of any non-controlling interest in the acquired business, and
- Acquisition-date fair value of any previous equity interest in the acquired business

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve."
Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

e. Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements.

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

WALKER CHANDIOK & CO LLP PUNE CHARTERED ACCOUNTANTS

iv. Accounting estimates

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

v. Key accounting estimates and assumptions

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

a. Estimation uncertainty related to the global health pandemic on COVID-19

The Group's operations have significantly recovered from the impact of COVID-19 pandemic and there are no significant continuing impact on the operations and financial statements of the Group as at 31 March 2022. The Management continuous to closely monitor the current developments and possible effects of COVID-19 pandemic on it's financial condition, liquidity and operations.

b. 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, there is are significant assumptions considered by the management. 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

c. Recoverability of claims

The Group has incurred costs in respect of over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc which have been recognised as variable consideration. These claims 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.

d. 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 consideres the applicable tax rates, scheduled reversal of deferred 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.

e. Defined benefit plans

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

f. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease required significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group revises the lease term if there is a change in non-cancellable period of a lease.

g. Useful lives of property, plant and equipment, investment property, right of use assets and intangible assets

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by the management at the time of acquisition of asset and reviewed periodically, including at each financial year. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

h. Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

vi. Going concern

As at 31 March 2022, the Group has accumulated losses aggregating ₹ 3,690.70 crore which has resulted in full erosion of its net worth. The Holding Company continues to default on payment to lenders along with overdue to operational creditors. Certain operational creditors have also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. The above factors indicate that events or conditions exist, which may cast significant doubt on the entity's ability to continue as a going concern.

The Holding Company is in the process of finalising a resolution plan with it's lenders to restructure it's debt. As per the resolution plan with lenders of the Holding Company, including resolution of debts of an erstwhile subsidiary, whose liabilities were taken over by the Holding Company in earlier years, economic and beneficial interest of a portion of the arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company (Also refer note 17.2). As at date, the resolution plan has been approved by the respective Board/ Committees of 100% lenders making the resolution plan binding on all lenders. The resolution plan is expected to be implemented by July 2022.

Based on the expected successful implementation of the resolution plan with lenders as well as the Holding Company's business plans, the management is confident of time-bound monetisation of assets including arbitration awards, claims and other assets and is confident of meeting the obligations as they fall due. Accordingly, the Management considers it appropriate to prepare these consolidated financial statements on a going concern basis.

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD ★ Hincon House, L.B.S. Road, Vikhroli (W) ★ MUMBAI-83 ★

vii. **Fair value measurement**
The Group measures financial instruments, at fair value at each balance sheet date

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

The principal or the most advantageous market must be accessible by the Group

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

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

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

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

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

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met

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

x. **Investment property**
Investment properties are held to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined on an annual evaluation based on the reckoner value with the main inputs being comparable transactions and industry data.

Depreciation on investment properties (building) is provided on the straight-line method, computed on the basis of useful lives as prescribed in Schedule II to the Act i.e. 60 years. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year and the effect of any change in the estimates of useful lives/residual value is accounted on prospective basis.

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

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

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as Consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

xii. **Non-current assets or disposal group held for sale**
Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

xiii. **Depreciation and amortisation**
Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives. The useful lives are as per Schedule II to the Act except in case of certain assets, where the useful life is based on technical evaluation by management.

Asset category	Useful life (In years)
Building and sheds	3 to 60
Leasehold improvements	As per the period of lease or estimated useful life determined by management's expert, whichever is lower.
Plant and equipment	2 to 14
Furniture fixtures and office equipment	5 to 10
Heavy Vehicles	3 to 12
Light Vehicles	8 to 10
Helicopter / Aircraft	12 to18
Speed boat	13
Computers	3
Intangible assets	3 to 5

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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

Depreciation on additions is provided on a pro-rata basis, from the date on which asset is put to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income or Other expenses.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

xiv. Financial instruments

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

Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

a Financial assets

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 incqme using the Effective Interest Rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

- Financial assets measured at fair value through Other Comprehensive Income

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

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

- Financial assets measured at fair value through profit or loss (FVTPL)

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss

iii) Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. after all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

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

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

iv) De-recognition of financial assets

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

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

b Equity instruments and financial liabilities

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

i) Equity instruments

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

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD.
Hincon House,
L.B.S. Road,
Vikhroli (W)
MUMBAI-83.

ii) Financial liabilities

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

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

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

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

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

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

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

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

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

xv. 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.

xvi. Contract assets

Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in-progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment

xvii. Contract liabilities

Certification in excess of contract revenue are classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer)

xviii. Inventories

a. Construction materials, stores, spares and fuel

The stock of construction materials, stores, spares 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. Land and development rights

Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of construction costs and net selling price

c. Project work in progress

Land and construction / development expenses are accumulated under 'Project work-in-progress' and the same are valued at lower of cost or net realizable value

Cost of land purchased / acquired by the Group includes purchase / acquisition price plus stamp duty and registration charges.

Construction / development expenditure includes cost of development rights, all direct and indirect expenditure incurred on development of land/ construction attributable interest and financial charges and overheads relating to site management and administration less incidental revenues arising from site operations.

xix. 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.

xx. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is the Chief Executive Officer of the Group, who assesses the financial performance and position of the Group and makes strategic decisions. The CODM reviews revenue and gross profit as the performance indicators and does not review the total assets and liabilities for each reportable segment. The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements. The Group's operations predominantly relate to 'Engineering and Construction', 'Infrastructure' and 'Real Estate'. Other business segments contribute less than 10% of the total revenue and have been grouped as 'Others'. 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

xxi. 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.

xxii. 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.

xxiii. 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.

xxiv. Revenue recognition

a. Revenue from construction contracts

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration, the Company expects to receive in exchange for those products or services.

The Company evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met:

•As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity's performance.
•The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.
•The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Transaction price, including variable consideration, is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variations in contract work, claims and incentive payments are included as 'variable consideration' in contract revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and are capable of being reliably measured.

At each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

For performance obligations in which control is not transferred over time, control is transferred as at a point in time.

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

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Group presents revenues net of indirect taxes in its Statement of Profit and Loss.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred.

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD.
Hincon House,
L.B.S. Road,
Vikhroli (W)
MUMBAI-83.

b. Software development and servicing revenue

Revenue from software development on fixed price, fixed time frame contracts, including system development and integration contracts, where there is no uncertainty as to measurement or collectability is recognized as per percentage of completion method. Revenue from last billing date to the Balance Sheet date is recognized as unbilled revenue. Stage of completion is measured by reference to the proportion that service cost incurred for work performed to date bears to the estimated total service cost. Service cost incurred to date excludes costs that relate to future activity on the contract. Such costs are recognized as an asset and are classified as unbilled revenue as due from customers.

Servicing revenue is recognized over the term of servicing contract. For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

Time and material contracts is recognized as and when the related services are provided.

Annual maintenance service contracts are recognized proportionately over the period in which services are rendered.

Revenue from sale of user licenses for software applications is recognized on transfer of the title/product, in accordance with the sales contract. Revenue from product sales are shown as net of all applicable taxes and discounts.

c. Interest on arbitration awards

Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Company has received or expects to receive on favourable arbitration awards.

xxv. Other income

a. Interest income

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

b. Dividend income

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

c. Other income

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

d. Rental income

Rent is recognised on time proportionate basis.

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.

xxvi. Income tax

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

a. Current tax

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

b. Deferred tax

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

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

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

xxvii. Leases

The Group's lease asset classes primarily consist of leases for vehicles, building and shed. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

At the date of the commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets have been separately presented in the Balance Sheet and the Lease liability is presented under Other financial liabilities. Further, lease payments have been classified as financing cash flows.

xxviii. Impairment of non-financial assets

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

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

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

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

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

xxix. Earnings per share

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

xxx. 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.

xxxi. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

xxxii. Provision for warranty

In case of real estate projects of a subsidiary, the estimated liability for warranty is recorded on the building and its components during the construction period. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions during the construction period under warranty phase.

xxxiii. Treasury shares

Treasury shares represents own equity instruments reacquired by the Holding Company or other members of the Consolidated Group, which are deducted from the equity of the acquiring entity. Treasury shares held is disclosed separately in the financial statements.

xxxiv. Share issue expenses

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

xxxv. Share based payments

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.

xxxvi. Exceptional items

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

Note 2.2 Recent accounting pronouncements

Amendment to Ind AS 16, Property, Plant and Equipment

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

MCA vide notification dated 23 March 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Amendment to Ind AS 103, Business Combinations

MCA vide notification dated 23 March 2022, has issued an amendment to Ind AS 103 and has added a new exception in the standard for liabilities and contingent liabilities.

Amendment to Ind AS 109, Financial Instruments

MCA vide notification dated 23 March 2022, has issued an amendment to Ind AS 109 which clarifies that which fees an entity should include when it applies the '10%' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

Note 3A Property, plant and equipment

₹ crore

Particulars	Freehold land	Building and sheds	Leasehold improvements	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Speed boat	Computers	Total
Gross carrying value (at deemed cost)									
As at 1 April 2020	**31.80**	**108.19**	**2.85**	**800.19**	**91.75**	**52.41**	**1.04**	**6.31**	**1,094.54**
Adjustments [Refer sub note (iii)]	-	-	-	(2.88)	-	-	-	-	(2.88)
Additions	-	-	-	232.71	0.52	8.44	-	0.43	242.10
Disposals	-	-	-	(57.38)	(1.95)	(1.89)	-	-	(61.22)
As at 31 March 2021	**31.80**	**108.19**	**2.85**	**972.64**	**90.32**	**58.96**	**1.04**	**6.74**	**1,272.54**
Additions	0.00	-	-	8.06	0.22	3.39	-	0.48	12.15
Acquisition through business combination (Refer note 50)	0.61		0.93	0.22	1.11	0.85		0.69	4.42
Disposals	-	-	-	(167.93)	(0.01)	(5.04)	-	-	(172.99)
Transferred from assets classified as held for sale (Refer note 17.1)	6.48	-	-	-	-	-	-	-	6.48
Transferred to Assets of disposal groups held for sale (Refer note 17.3)	(0.61)	-	-	(0.50)	(0.40)	(0.61)	-	(0.17)	(2.30)
As at 31 March 2022	**38.28**	**108.19**	**3.78**	**812.49**	**91.24**	**57.54**	**1.04**	**7.74**	**1,120.30**
Accumulated depreciation									
As at 1 April 2020	-	**85.71**	**1.11**	**508.15**	**43.52**	**26.08**	**0.54**	**2.96**	**668.07**
Depreciation charge	-	1.34	0.30	80.14	12.95	3.04	0.11	1.22	99.10
Accumulated depreciation on disposals	-	-	-	(42.91)	-	(1.29)	-	-	(44.20)
As at 31 March 2021	**-**	**87.05**	**1.41**	**545.38**	**56.47**	**27.83**	**0.65**	**4.18**	**722.97**
Depreciation charge [Refer note (v) below]	-	1.04	0.30	85.91	8.61	2.87	0.11	1.16	100.00
Acquisition through business combination (Refer note 50)	-	-	0.93	0.08	1.16	0.39		0.63	3.19
Accumulated depreciation on disposals	-	-	-	(137.51)	-	(3.53)	-	-	(141.04)
Transferred to Assets of disposals group held for sale (Refer note 17.3)	-	-	-	(0.09)	(0.37)	(0.43)	-	(0.17)	(1.06)
As at 31 March 2022	**-**	**88.09**	**2.64**	**493.77**	**65.87**	**27.13**	**0.76**	**5.80**	**684.06**
Net carrying value									
As at 31 March 2021	31.80	21.14	1.44	427.26	33.85	31.13	0.39	2.56	549.56
As at 31 March 2022	**38.28**	**20.10**	**1.14**	**318.72**	**25.37**	**30.41**	**0.28**	**1.94**	**436.23**

Notes:

(i) Refer note 19 for information of property, plant and equipment pledged as security against borrowings of the Group.
(ii) Refer note 36(B)(i) for disclosure of contractual commitments for acquisition of Property, plant and equipment.
(iii) Adjustments represents exchange loss arising on long-term foreign currency monetary items.
(iv) * represents amount less than ₹ 1 lakh.
(v) Includes depreciation expense of ₹ 0.07 crore in respect of discontinued operations.

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

Note 3B Right-of-use assets

₹ crore

Particulars	Buildings	Vehicles	Total
Gross carrying value			
As at 1 April 2020	303.78	0.94	304.72
Additions	1.99	-	1.99
Disposals	-	-	-
As at 31 March 2021	**305.77**	**0.94**	**306.71**
Additions	2.16	-	2.16
Disposals	-	-	-
As at 31 March 2022	**307.93**	**0.94**	**308.87**
Accumulated depreciation			
As at 1 April 2020	28.97	0.57	29.54
Depreciation Charge	31.10	0.30	31.40
Accumulated depreciation on disposals	-	-	-
As at 31 March 2021	**60.07**	**0.87**	**60.94**
Depreciation Charge	30.25	0.07	30.32
Accumulated depreciation on disposals	-	-	-
As at 31 March 2022	**90.32**	**0.94**	**91.26**
Net carrying value			
As at 31 March 2021	245.70	0.07	245.77
As at 31 March 2022	**217.61**	**-**	**217.61**

Note: Refer note 42 for Ind AS 116 - Leases and the related disclosures

Note 3C Capital work-in-progess ('CWIP')

(₹ crore)

Particulars	As at	As at
Opening balance	**1.61**	178.41
Additions during the year	**2.52**	0.94
Capitalised during the year	**(3.45)**	(177.74)
Closing balance	**0.68**	1.61

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022
Note: CWIP ageing schedule

(₹ crore)

	As at 31 March 2022			As at 31 March 2021		
Particulars	Projects in progress	Projects temporarily suspended	Total	Projects in progress	Projects temporarily suspended	Total
Less than 1 year	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
2-3 years	-	-	-	0.93	-	0.93
More than 3 years (Refer notes below)	-	0.68	0.68	-	0.68	0.68
Total	**-**	**0.68**	**0.68**	**0.93**	**0.68**	**1.61**

Notes:
i) Projects temporarily suspended represents expenses incurred for the construction of a sewage plant the construction of which is expected to be completed by year ended 31 March 2023.
ii) There are no projects which has exceeded its cost compared to its original plan.

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Note 4 Investment Properties

₹ crore

Particulars	Land	Building	Total
Gross carrying value (at deemed cost)			
As at 1 April 2020	2.09	2.36	4.45
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2021	**2.09**	**2.36**	**4.45**
Additions	-	-	-
Acquisition through business combination (Refer note 50)	0.41	-	0.41
Disposals	-	-	-
Transferred to Assets of disposals group held for sale (Refer note 17.3)	(0.26)	-	(0.26)
As at 31 March 2022	**2.24**	**2.36**	**4.60**
Accumulated depreciation			
As at 1 April 2020	-	1.75	1.75
Depreciation charge	-	0.03	0.03
As at 31 March 2021	**-**	**1.78**	**1.78**
Depreciation charge	-	0.03	0.03
As at 31 March 2022	**-**	**1.81**	**1.81**
Net carrying value			
As at 31 March 2021	2.09	0.58	2.67
As at 31 March 2022	**2.24**	**0.55**	**2.79**

Information regarding income and expenditure of Investment Properties ₹ crore

Particulars	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Rental income derived from investment properties	**0.54**	0.54
Direct operating expenses (including repairs and maintenance) generating rental income	**(0.09)**	(0.05)
Gain arising from investment properties before depreciation and indirect expenses	**0.45**	0.49
Less : Depreciation	**(0.03)**	(0.03)
Gain arising from investment properties before indirect expenses	**0.42**	0.46

Note:
(i) The fair value of the investment properties held by the Group as at the Balance Sheet date is ₹ 15.80 crore (31 March 2021 : ₹ 15.45 crore).
(ii) The Group has fair valued its Investment properties during the year, however the valuation is not done by the registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Note 5 Other Intangible assets and goodwill

₹ crore

Particulars	Computer software	Other Intangible assets	Total	Goodwill	Intangible assets under development
Gross carrying value (at deemed cost)					
As at 1 April 2020	89.31	-	89.31	3.38	-
Additions	5.59	-	5.59	-	-
As at 31 March 2021	**94.90**	**-**	**94.90**	**3.38**	**-**
Acquisition through business combination (Refer note 50)	-	956.57	956.57	-	38.79
Additions	6.46	-	6.46	-	116.34
Transferred from Intangible assets under development	-	57.19	57.19	-	(57.19)
Transferred to Assets of disposals group held for sale (Refer note 17.3)	-	-	-	-	(97.94)
Disposals	-	(1,013.76)	(1,013.76)	-	-
As at 31 March 2022	**101.36**	**-**	**101.36**	**3.38**	**-**
Accumulated amortisation					
As at 1 April 2020	25.79	-	25.79	-	-
Amortisation charge	4.97	-	4.97	-	-
As at 31 March 2021	**30.76**	**-**	**30.76**	**-**	**-**
Acquisition through business combination (Refer note 50)	-	243.45	243.45	-	-
Amortisation charge (Refer note 5.3 below)	8.06	31.23	39.28	-	-
Transferred to Assets of disposals group held for sale (Refer note 17.3)	-	(274.68)	(274.68)	-	-
As at 31 March 2022	**38.82**	**-**	**38.82**	**-**	**-**
Net carrying value					
As at 31 March 2021	64.14	-	64.14	3.38	-
As at 31 March 2022	**62.54**	**-**	**62.54**	**3.38**	**-**

Note 5.1 Impairment testing for goodwill

Goodwill is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount is determined based on the fair value of the underlying net assets of the entity. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used. Based on the above, no impairment provision is considered necessary as the recoverable value exceeded the carrying value.

Note 5.2 Intangible Asset Under Development Ageing

Ageing	As at 31 March 2022	As at 31 March 2021
Less than 1 year	9,793.80	-
Reclassification as held for sale (Refer note 17.3)	(9,793.80)	-
Total	-	-

Note 5.3 Includes amortisation expense of ₹ 31.23 crore in respect of discontinued operations.

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 6 Investments in associates and joint ventures		
Investments at deemed cost		
i) in associates in India	15.97	13.34
ii) in associates outside India	4.50	3.71
iii) in joint venture in India	-	385.86
iv) in joint venture outside India	0.00 *	0.00 *
Total investments in associates and joint ventures	20.47	402.91
Detailed list of investments in associates and joint ventures		
Investments at deemed cost, unquoted and fully paid up		
i) In associates in India		
Highbar Technocrat Limited	15.97	13.34
99,940 (31 March 2021: 99,440) equity shares of ₹ 10 each		
	15.97	13.34
ii) In associates outside India		
Evostate AG	3.66	2.42
300 (31 March 2021: 300) equity shares of CHF 1,000 each		
MCR Managing Corp	0.84	1.29
30 (31 March 2021: 30) equity shares of CHF 1,000 each		
	4.50	3.71
iii) In joint ventures in India		
HCC Concessions Limited (Refer note 6.2)		
Nil (31 March 2021: 50,000) equity shares of ₹ 10 each; and	-	573.48
Nil (31 March 2021: 2,867,151) Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each	-	285.98
	-	859.46
Less: Share of loss from joint venture accounted under equity method	-	(473.60)
	-	385.86
iv) In joint ventures outside India		
Werkarena Basel AG	0.00 *	0.00 *
500 (31 March 2021: 500) equity shares of CHF 1,000 each		
	0.00	0.00
	20.47	402.91

* Represents amount less than ₹ 1 lakh

Note 6.1 The Group's share of profit / (loss) of associates and joint ventures is as follows:

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
From joint ventures		
HCC Concessions Limited (Refer note 6.2)	-	(473.60)
Werkarena Basel AG	0.00 *	0.00 *
From associates		
Highbar Technocrat Limited	16.98	14.34
Evostate AG	(16.50)	(19.07)
MCR Managing Corp	3.13	3.13
Projektentwicklungsges. Parking AG Basel #	-	2.70
	3.61	(472.50)

* Represents amount less than ₹ 1 lakh
\# liquidated w.e.f 31 March 2021

Note 6.2

Pursuant to the Securities Purchase Agreement entered during the current year between Xander Investment Holding XXVI Limited ('Xander') and the Holding Company along with certain group entities, Xander's shareholding (14.55%) in HCC Concessions Limited ('HCL'), has been bought back by the Holding Company. Consequent to the buy back, effective 20 August 2021, HCL (including its subsidiaries) ceases to be joint ventures of the Group and become wholly owned subsidiaries. Also refer note 50.

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 6A Investments		
I. Investments in debentures	15.46	-
II. Other investments in equity shares at fair value through Other Comprehensive Income		
In India	19.67	12.54
Outside India	2.77	2.57
Total non-current investments	37.90	15.11

Hindustan Construction Company Ltd. Hincon House, L.B.S. Road, Vikhroli (W) Mumbai-83.

Walker Chandiok & Co LLP Pune Chartered Accountants

ıdustan Construction Company Limited
ımmary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

:ailed list of non-current investments	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
ıvestments in debentures		
akka Raiganj Highways Limited (Refer note 6A.1 below) ,055,946 (31 March 2021 - Nil) Non-Convertible Debentures	15.46	-
	15.46	-
ıther investments in equity shares at fair value through Other Comprehensive Income		
ıdia		
ndwala Securities Limited 32 (31 March 2021: 3,332) equity shares of ₹ 10 each, fully paid - quoted	0.01	0.01
ısing Development Finance Corporation Limited 220 (31 March 2021: 15,220) equity shares of ₹ 2 each, fully paid - quoted	3.64	3.81
:C Bank Limited 10 (31 March 2021: 5,000) equity shares of ₹ 10 each, fully paid - quoted	0.73	0.75
shrusha Citizens Co-Op. Hospitals Limited (31 March 2021 : 100) equity shares of ₹ 100 each, fully paid - unquoted	0.00 *	0.00 *
:on Finance Limited 000 (31 March 2021 : 120,000) equity shares of ₹ 10 each, fully paid - unquoted	15.29	7.98
	19.67	12.54
side India		
io- und Fernsehgenossenschaft Zürich-Schaffhausen I March 2021 : 1) equity shares of CHF 50 each, unquoted	0.00 *	0.00 *
mhaus Zürich AG 31 March 2021 : 10) equity shares of CHF 900 each, unquoted	0.05	0.04
ɔssenschaft Theater für den Kt. Zürich i March 2021 : 1) equity shares of CHF 300 each, unquoted	0.00 *	0.00 *
ebsges. Kongresshaus Zürich AG 11 March 2021 : 30) equity shares of CHF 1,000 each, unquoted	0.33	0.30
Iallenstadion Zürich :1 March 2021 : 10) equity shares of CHF 100 each, unquoted	0.00 *	0.00 *
Medizinishces Therapiezentrum 1 March 2021 : 50) equity shares of CHF 1,000 each, unquoted	0.40	0.39
mo Holding AG 31 March 2021 : 720) equity shares of CHF 29 each, quoted	1.79	1.58
ɜnaktien Messe Zürich 1 March 2021 : Nil) equity shares of CHF 50 each, quoted	0.04	0.03
Group AG ı (31 March 2021 : 2,100) equity shares of CHF 10 each, quoted	0.16	0.23
	2.77	2.57
non-current investments (6 + 6A)	58.37	418.02

ɾresents amount less than ₹ 1 lakh

ls:

ɜgate value of non-current investments is as follows:

Aggregate value of unquoted investments	52.00	411.62
Aggregate value of quoted investments and market value thereof	6.37	6.41
ı Aggregate value of impairment of investments	-	-
Investments carried at cost	20.47	402.91
Investments carried at fair value through profit or loss	15.46	-
ı Investments carried at fair value through Other Comprehensive Income	22.44	15.11

6A.1 : During the previous year, the Subordinate debt (including interest) given by the HCC Concessions Limited ('HCON') to Farakka Raiganj Highways Limited ('FRHL') was converted into non convertible ıture, amounting to ₹ 105.88 crore (par value @ 1 each). As per terms agreed, the redemption of debentures are based on occurrence of certain events and redemption amount specified in Share purchase ment signed with Cube Highways and Infrastructure II Pte. Limited ('CHIPL'). FRHL has concluded conciliation with NHAI and signed settlement agreement on 30 March 2021, for a closure of all outstanding es and claims between the parties. Therefore, HCON has fair valued its Non Convertible Debenture based on certainty of redemption event in the near future. Consequently, the NCD were fair valued as at ırch 2021 at the redemption value of ₹ 217.06 crore

ȝ the current year, 767,709,226 debentures have been redeemed for ₹ 219.60 crore (including interest) representing the redemption value of non-convertible debenture including interest from date of ıption. The oustanding 291,055,946 debentures continue to be carried at fair value at its redemption value under non-current investments.

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

ɹst

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 7 Trade receivables		
Non-current		
Trade receivables ^ (Refer note 38)	235.75	-
Total non-current trade receivables	235.75	-
Current		
Trade receivables (Refer notes 7.1 and 38) (Including retention ₹ 866.95 crore (31 March 2021: ₹ 787.85 crore)	4,377.29	4,501.79
Less: Transferred to assets of disposal groups held for sale (Refer notes 17.2 and 17.3)	(2,286.33)	-
Total current trade receivables	2,090.96	4,501.79
Total trade receivables	2,326.71	4,501.79

^ Presented net off advance received against favourable arbitration awards ₹ 784.92 crore (31 March 2021: Nil)
^^ Presented net off advance received against work bill / arbitration awards / claim of ₹ 2,453.41 crore (31 March 2021: ₹ 2,738.80 crore)

Break-up of security details

	31 March 2022	31 March 2021
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	2,326.71	4,501.79
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	3.14	3.01
Total	2,329.85	4,504.81
Loss allowance	(3.14)	(3.01)
Total trade receivables	2,326.71	4,501.79

Note 7.1 Non-current trade receivables and current trade receivables as at 31 March 2022 include ₹ 187.59 crore (net of advances ₹ 784.92 crore) and ₹ 2,770.14 crore (net of advances ₹ 2,453.41 crore), respectively, representing claims awarded in arbitration in favour of the Holding Company and which have been challenged by the customers in courts. Out of the above, net arbitration award of ₹ 2,283.06 crore has been reclassified as Assets of disposal groups held for sale (refer note 17.2).

Note 7.2 There are no trade receivables due from any director or any officer of the Group, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

Note 7.3 Trade receivables (other than receivables on account of claims awarded in arbitration in favour of the Company) are non-interest bearing and are generally on terms of 30 to 90 days except retention deposits which are due after completion of the defect liability period of the respective projects.

Note 7.4 Trade receivables (including classified as Assets of disposal groups held for sale) ageing schedule:

	Outstanding for following periods from due date of payment						
As at 31 March 2022	**Not due**	**Less than 6 months**	**6 Months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed trade receivables - considered good	495.16	327.23	67.13	512.69	93.31	159.79	1,655.31
(ii) Undisputed trade receivables - which have significant increaes in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	537.94	186.77	415.43	313.96	1,503.63	2,957.73
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	495.16	865.17	253.90	928.12	407.27	1,663.42	4,613.04

Note: Refer note 16 for details of unbilled dues i.e. contract assets.

	Outstanding for following periods from due date of payment						
As at 31 March 2021	**Not due**	**Less than 6 months**	**6 Months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed trade receivables - considered good	395.38	698.77	258.18	125.53	139.75	135.63	1,753.24
(ii) Undisputed trade receivables - which have significant increaes in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	320.25	108.05	433.81	576.33	1,310.11	2,748.55
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	395.38	1,019.02	366.23	559.34	716.08	1,445.74	4,501.79

Note: Refer note 16 for details of unbilled dues i.e. contract assets.

Note 8 Non-current Loans

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Loans to related parties	57.32	67.44
Total non-current loans	57.32	67.44
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	57.32	67.44
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	57.32	67.44
Loss allowance	-	-
Total loans	57.32	67.44

Note 9 Other financial assets

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Non-current		
Security deposits	33.46	28.12
Bank deposits with maturity of more than 12 months	0.27	1.16
Compensation in lieu of termination	24.56	23.12
	58.29	52.40
Less: loss allowance	(15.64)	(15.64)
Total non-current financial assets	42.65	36.76
Current		
Security deposits	36.36	36.34
Compensation in lieu of termination	192.44	15.02
Interest accrued on deposits / advances	10.68	8.26
Other receivables	51.57	33.58
Less : Transferred to assets of a disposal group held for sale (Refer note 17.3)	(0.68)	-
	290.37	93.20
Less: Loss allowance	(6.13)	(1.15)
Total current financial assets	284.24	92.04
Total other financial assets	326.89	128.81

Note 10 Income tax assets (net) and current tax liability

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
i. The following table provides the details of income tax assets and liabilities:		
a) Income tax assets	306.41	343.07
Less : Transferred to assets of a disposal group held for sale (Refer note 17.3)	(7.79)	-
	298.62	343.07
b) Income tax liabilities	304.29	200.04
Income tax assets (net) [a-b]	(5.67)	143.03
Income tax assets in certain entities	93.53	143.77
Current tax liabilities in case on certain entities	99.20	0.74
Net income tax assets/ (liability)	(5.67)	143.03
ii. The gross movement in the income tax assets / liabilities is as follows:		
Net income tax asset at the beginning	143.03	265.92
Income tax refund (net)	(20.73)	(113.93)
Impact of business combination	(73.54)	-
Transferred to assets of disposal groups held for sale (Refer note 17.3)	(7.80)	-
Current income tax expense	(46.63)	(8.96)
Net income tax assets/ (liability) at the end	(5.67)	143.03
iii. Income tax expense comprises:		
Current tax expense	46.63	8.96
Deferred tax charge / (credit)	39.80	(266.29)
Income tax charge / (credit) [net] in the Statement of Profit and Loss	86.43	(257.33)
Deferred tax charge in Other Comprehensive Income	(0.14)	0.70
Tax charge / (credit) [net]	86.29	(256.63)
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:		
Profit/ (loss) before income tax	506.08	(867.35)
Applicable tax rate in India	34.944%	34.944%
Computed expected tax charge/ (credit)	176.84	(303.09)
Effect of difference in tax rates of overseas subsidiaries	(66.60)	(2.02)
Effect of tax on profit / loss of associates and joint ventures	(77.39)	(22.87)
Effect of expenses not allowed for tax purpose	10.47	29.44
Effect of income not considered for tax purpose	(17.80)	(6.16)
Impact of non recognision of deferred tax	46.66	-
Utilization of unrecognized loss carryforwards from prior years	(0.48)	-
Impact of change in tax rate	9.95	46.58
Others	4.78	0.79
Income tax charge/ (credit) [net] in the Statement of Profit and Loss	86.43	(257.33)

WALKER CHANDIOK & Co LLP ★ PUNE ★ CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) ★ MUMBAI-83 ★

v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
(A) Deferred tax assets (Refer note 10.1)		
(a) Business loss / unabsorbed depreciation / MAT credit entitlements	1,413.19	2,224.03
(b) Impairment allowance on receivables / other assets	0.65	0.65
(c) Timing difference on tangible and intangible assets' depreciation and amortisation	44.29	41.33
(d) Expense allowable on payment basis	166.86	164.99
	1,624.99	2,431.00
(B) Deferred tax liabilities		
(a) Arbitration awards	(881.70)	(1,679.50)
(b) Others	(31.59)	(0.14)
	(913.29)	(1,679.64)
Deferred tax assets (net) (A) - (B)	711.70	751.36
Deferred tax assets in case of certain entities	743.15	751.36
Deferred tax liabilities in case of certain entities	31.45	-
Net deferred tax assets	711.70	751.36

vi. Movement in components of deferred tax assets and deferred tax liabilities are as follows:

	Business loss / unabsorbed depreciation / MAT credit entitlements	Impairment allowance on receivables / other assets	Timing difference on tangible and intangible assets' depreciation	Arbitration awards	Expense allowable on payment basis and others	Other	Total
At 1 April 2020	2,289.55	0.65	60.96	(1,998.40)	133.01	-	485.77
(Charged) / credited							
- to profit or loss	(65.52)	-	(19.63)	318.90	32.69	(0.14)	266.29
- to other comprehensive income	-	-	-	-	(0.70)	-	(0.70)
At 31 March 2021	2,224.03	0.65	41.33	(1,679.50)	164.99	(0.14)	751.36
(Charged) / credited							
- to profit or loss	(810.84)	-	2.96	797.80	1.73	(31.45)	(39.80)
- to other comprehensive income	-	-	-	-	0.14	-	0.14
As at 31 March 2022	1,413.19	0.65	44.29	(881.70)	166.86	(31.59)	711.70

Note 10.1: As at 31 March 2022, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore (31 March 2021: ₹ 715.99 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Holding Company is confident of taxable profits being available against which unused tax losses can be utilized, the Holding Company has not recognized deferred tax asset on the losses incurred effective 1 July 2021. Further, the Holding Company is still evaluating the benefits of exercising the non-reversible option of paying further corporate tax at reduced rates in accordance with section 115BAA of the Income Tax Act, 1961.
Based on the expected profits from the unexecuted orders on hand/ future projects, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of claims/ arbitration awards with customers, the Holding Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 31 March 2022 will be realized.

Note 10.2: Deferred tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments.

Note 10.3: There are unused tax losses in the Group companies for which no deferred tax asset has been recognised as the Group believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

Note 11 Other assets	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Non-current		
Capital advances	1.29	0.97
Balances with government authorities	65.52	70.42
Less : Transferred to assets of a disposal group held for sale (Refer note 17.3)	(0.78)	-
Prepaid expenses	1.87	3.11
Total other non-current assets	67.90	74.50
Current		
Advance to suppliers and subcontractors	131.22	167.05
Balances with government authorities	171.14	89.72
Prepaid expenses	11.55	7.44
Other assets	39.22	19.55
	353.13	283.76
Less : Transferred to assets of disposal groups held for sale (Refer note 17.3)	(0.42)	-
Total other current assets	352.71	283.76
Less: Loss allowance	(29.73)	(29.72)
	322.98	254.04
Total other assets	390.88	328.54

Note 12 Inventories		
Land and development rights	308.69	291.55
Construction raw material, stores and spares	170.05	182.15
Fuel and others	6.10	5.90
Total inventories	484.84	479.60

Note 13 Current investments		
Investments in others carried at fair value through profit and loss		
Investment in mutual funds	0.66	0.15
Total current investments	0.66	0.15
Detailed list of current investments		
Investments in mutual funds		
Essel Liquid Fund Growth plan : 72,422 Units (31 March 2021 :72,422 Units)	0.02	0.02
Canara Rebeco Mutual Fund 1,976.26 units (31 March 2021 :Nil)	0.50	-
ICICI Money Market Fund 709,181 units (31 March 2021 : 683,157 units)	0.01	0.01
SBI Premier Liquid Fund 1205,366 units (31 March 2021: 1,205,366 units)	0.13	0.12
	0.66	0.15

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Details:		
Aggregate value of current investments is as follows:		
(i) Aggregate value of unquoted investments	0.66	0.15
(ii) Aggregate value of quoted investments and market value thereof	-	-
(iii) Aggregate value of impairment in the value of investments	-	-
(i) Investments carried at cost	-	0.00
(ii) Investments carried at amortised cost	-	-
(iii) Investments carried at fair value through profit and loss	0.66	0.15

Note 14 Cash and cash equivalents

Balances with banks (Refer note 19.4)		
- in current accounts	576.04	467.01
- in deposit account with original maturity upto 3 months	212.81	174.45
Cash on hand	0.99	0.67
Less : Transferred to assets of disposal groups held for sale (Refer note 17.3)	(68.87)	-
Total cash and cash equivalents	720.97	642.13

Note 15 Bank balances other than cash and cash equivalents

Bank deposits with maturity of more than 3 months and less than 12 months (Refer note 18.5 and notes below)	977.63	619.49
Less : Transferred to assets of disposal groups held for sale (Refer note 17.3)	(156.21)	-
Total bank balances other than cash and cash equivalents	821.42	619.49

Notes:
i) Includes ₹ 7,600 (31 March 2021: ₹ 7,600) which is held in abeyance due to legal cases pending.
ii) Includes ₹ 26.04 crore (31 March 2021: ₹ 35.40 crore) held as margin money against arbitration awards

Note 15.1 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2022

Note 16 Unbilled work-in-progress (contract assets)

Unbilled work-in-progress (contract assets) ^	4,088.43	3,826.12
Less: Transferred to Assets of disposal groups held for sale (refer note 17.2)	(359.40)	-
Total Unbilled work-in-progress (contract assets)	3,729.03	3,826.12

^ Net of advance received against work bill ₹ 103.14 crore (31 March 2021: ₹ 152.82 crore)

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 17 Assets of disposal groups held for sale		
a) Freehold land (Refer note 17.1)		
Freehold land	6.49	6.49
Less: Asset reclassified to Property, plant and equipment	(6.49)	-
	-	6.49
b) Assets of a disposal group held for sale (Refer note 17.2)		
- Trade receivables	2,283.06	-
- Unbilled work-in-progress (contract assets)	359.40	-
	2,642.46	-
c) Assets of a disposal group held for sale (Refer note 17.3)		
Property, plant and equipment	1.24	-
Intangible asset	739.08	-
Investment property	0.26	-
Intangible asset under development	97.94	-
Other non current asset	0.78	-
Trade receivables	3.27	-
Cash and cash equivalent	68.87	-
Other bank balance	156.21	
Non-current tax assets (net)	7.80	-
Other current asset	0.41	-
Other financial asset	0.68	-
	1,076.54	-
Total assets of a disposal group held for sale	3,719.00	6.49

Note 17.1 During the year ended 31 March 2020, the Holding Company had entered into an agreement with a subsidiary company to develop a parcel of freehold land situated at Vikhroli under the registration district of Mumbai suburban city. An advance of ₹ 20.20 crore was also received as per the terms of the agreement. However, the completion of the sale transaction has been significantly delayed due to COVID-19.

Considering the present market conditions, the Holding Company does not foresee to complete the transaction in the next twelve months and the sale no longer classifies as 'highly probable' in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the same has been re-classified as "Property, plant and equipment".

Note 17.2 Pursuant to the proposed resolution plan with lenders, which has become binding due to receipt of requisite approval by lenders, the economic and beneficial interest of certain arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company. The Board of Directors and shareholders of the Holding Company have approved the resolution plan at their meetings held on 27 May 2021 and 29 June 2021, respectively. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest / charges) qualify as assets and liabilities of a disposal group held for sale. Consequently, as at 31 March 2022, trade receivables and unbilled work-in-progress (contract assets) aggregating ₹ 2,283.06 crore and ₹ 359.40 crore, respectively, have been classified as assets of a disposal group held for sale. Similarly, as at 31 March 2022, current borrowings, trade payables and other current financial liabilities amounting to ₹ 2,448.94 crore, ₹ 22.30 crore and ₹ 470.80 crore, respectively, have been classified as liabilities of a disposal group held for sale. The Company expects the resolution plan to be implemented by 31 July 2022.

Note 17.3 HCC Concessions Limited ('HCON'), on 1 February 2022, has entered into a binding term sheet for 100% stake sale of its subsidiary i.e Baharampore Farakka Highways Limited ('BFHL'), for a equity consideration of ₹ 600 crores subject to closing adjustments and requisite approvals. Additionally, HCON would be entitled to certain earn-outs (contingent on traffic/ revenue projections) and share of certain future revenue share from BFHL over the concessions period, which is expected to be material.

Pursuant to the above, BFHL has been presented as discontinued operations in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. The requisite disclosures in accordance with Ind AS 105 are given below:

Financial performance and cash flow operations pertaining to discontinued operations

Particulars	For the year ended 31 March 2022
Total income	188.57
Total expenses	195.59
Loss before tax	(7.02)
Exceptional item	-
Tax expenses	(13.07)
Loss after tax	(20.09)
Other comprehensive income from discontinued operations	-
Net cash generated from operating activities	309.48
Net cash used in investing activities	(0.02)
Net cash used in financing activities	(30.79)
Net cash generated from discontinued operations	278.68

* In accordance with Ind AS 105, disclosures for prior period are also required to be presented in respect of discontinuing operations. However, as BFHL has become subsidiary of the Group effective 20 August 2021, requisite disclosures under Ind AS 105 have been presented effective 20 August 2021.

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W), MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Note 18 Equity share capital

	As at 31 March 2022 ₹ crore		As at 31 March 2021 ₹ crore	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 1 each	2,00,00,00,000	200.00	2,00,00,00,000	200.00
Total authorised share capital	2,00,00,00,000	200.00	2,00,00,00,000	200.00
Issued, subscribed and paid-up equity share capital:				
Equity shares of ₹ 1 each, fully paid up	1,51,29,76,244 ^	151.31	1,51,29,76,244 ^	151.31
^ excludes 13,225 equity shares forfieted by the Holding Company.				
Total issued, subscribed and paid-up equity share capital	1,51,29,76,244	151.31	1,51,29,76,244	151.31

a. **Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year**

	Number	₹ crore
As at 1 April 2020	1,51,29,76,244	151.31
Issued during the year	-	-
As at 31 March 2021	1,51,29,76,244	151.31
Issued during the year	-	-
As at 31 March 2022	1,51,29,76,244	151.31

b. **Terms/ rights attached to equity shares:**

The Holding Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shareholding of more than 5%:**

Name of the Shareholder	As at 31 March 2022 No. of shares	% held	As at 31 March 2021 No. of shares	% held
Arya Capital Management Private Limited	24,40,13,391	16.13%	24,40,13,391	16.13%
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%
Asia Opportunities IV (Mauritius) Limited	11,54,62,961	7.63%	11,54,62,961	7.63%
HDFC Trustee Company Limited	7,35,80,077	4.86%	8,80,27,596	5.82%

As per the records of the holding company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d. **Bonus shares/ buy back/shares for consideration other than cash issued during past five years:**

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil

(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

(iii) Aggregate number and class of shares bought back - Nil

e. **Shareholding of promoters**

As at 31 March 2022

Name of Promoters	As at 31 March 2022 No. of shares held	% of total shares	As at 31 March 2021 No. of shares held	% of total shares	% Change during the year
Arya Capital Management Private Limited	24,40,13,391	16.13%	24,40,13,391	16.13%	-
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%	-
Hincon Finance Limited	6,22,61,186	4.12%	6,22,61,186	4.12%	-
Ajit Gulabchand	21,17,294	0.14%	21,17,294	0.14%	-
Shalaka Investment Private Limited	5,38,000	0.04%	5,38,000	0.04%	-
Anjani Ashwin Parekh	2,51,400	0.02%	2,51,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

As at 31 March 2021

Name of Promoters	As at 31 March 2021 No. of shares held	% of total shares	As at 31 March 2020 No. of shares held	% of total shares	% Change during the year
Arya Capital Management Private Limited	24,40,13,391	16.13%	24,40,13,391	16.13%	-
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%	-
Hincon Finance Limited	6,22,61,186	4.12%	6,22,61,186	4.12%	-
Ajit Gulabchand	21,17,294	0.14%	21,17,294	0.14%	-
Shalaka Investment Private Limited	5,38,000	0.04%	5,38,000	0.04%	-
Anjani Ashwin Parekh	2,51,400	0.02%	2,51,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

* represents less than 0.01%

f. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting/ Annual General Meeting held in earlier years, the allotment committee of the Board of Directors at its meetings held on various dates allotted collectively to the lenders 236,304,020 equity shares of face value of ₹ 1 each aggregating ₹ 828.35 crore and 14,671,590 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,467.16 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.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

Note 18A Other equity

₹ crore

Particulars	Reserves and surplus							Other comprehensive income		Non-controlling interest	Total equity attributable to equity holders
	Capital reserve	Forfeited debentures account	Securities premium	Debenture redemption reserve	Foreign currency monetary translation reserve	General reserve	Retained earnings	Equity instruments at fair value through other comprehensive income	Translation loss relating to foreign operation (net)		
As at 1 April 2020	31.49	0.02	2,650.87	54.99	7.08	180.24	(3,634.30)	(25.05)	(175.83)	0.00 *	(910.49)
Loss for the year	-	-	-	-	-	-	(610.02)	-	-	0.00 *	(610.02)
Other comprehensive income for the year	-	-	-	-	-	-	24.96	5.70	28.27	0.00 *	58.93
Restatement of foreign currency monetary translation items	-	-	-	-	(4.60)	-	-	-	-	-	(4.60)
Amortisation of foreign currency monetary translation items	-	-	-	-	(2.72)	-	-	-	-	-	(2.72)
As at 31 March 2021	31.49	0.02	2,650.87	54.99	(0.24)	180.24	(4,219.36)	(19.35)	(147.56)	0.00 *	(1,468.90)
Profit for the year	-	-	-	-	-	-	399.56	-	-	- *	399.56
Other comprehensive income for the year	-	-	-	-	-	-	82.49	7.09	(4.51)	- *	85.07
Gain on fair valuation of previously held equity interest in a business combination (Refer note 50)	-	-	-	-	-	-	-	46.61	-	-	46.61
Restatement of foreign currency monetary translation items	-	-	-	-	3.84	-	-	-	-	-	3.84
Amortisation of foreign currency monetary translation items	-	-	-	-	(2.13)	-	-	-	-	-	(2.13)
As at 31 March 2022	31.49	0.02	2,650.87	54.99	1.47	180.24	(3,737.31)	34.35	(152.07)	0.00	(935.95)

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
Securities premium is used to record the premium received on issue of shares or debentures. This account is utilised in accordance with the provisions of the Companies Act, 2013 (the 'Act').

iv. Debenture redemption reserve
The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.

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

vi. General reserve
Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

vii. Retained earnings
Retained earnings represents the profits/ losses that the Group has earned / incurred till date including gain / (loss) on fair value of defined benefits plans as adjusted for distributions to owners, transfer to other reserves etc.

viii. Other comprehensive income
The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amount from this reserve to retained earnings when the relevant equity securities are disposed off.

ix. Translation loss relating to foreign operation (net)
The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in 'Translation loss relating to foreign operation (net)' in other equity.

* Represents amount less than ₹ 1 lakh
The accompanying notes form an integral part of the consolidated financial statements

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS PUNE

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 19 Borrowings		
I. Non-current borrowing:		
Secured		
A. 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	854.22	1,084.24
(ii) From others	88.29	111.38
B. Foreign Currency Term Loans from banks	213.57	207.08
C. Rupee Term Loans (RTL-A)	-	1.71
D. Other term loans		
(i) From banks	590.55	-
(ii) From others	87.61	-
Less : Transferred to liabilities of a disposal group held for sale [Refer notes 17.3 and 24(ii)]	(678.16)	
	1,156.08	1,404.41
Unsecured		
A. Foreign Currency Term Loan from bank	22.39	-
B. Rupee term loan from others		3.87
Total non-current borrowings	1,178.47	1,408.28
II. Current borrowing:		
Secured		
i) Current maturities of long-term debts:		
(a) Non-Convertible Debentures	41.12	63.37
(b) Foreign Currency Term Loans from others	72.04	69.63
(c) Rupee Term Loans (RTL-A)		
(i) From banks	53.61	67.32
(ii) From others	25.90	25.35
(d) Rupee Term Loans (RTL-1)		
(i) From banks	47.91	66.87
(ii) From others	41.93	44.80
(e) Rupee Term Loans (RTL-2)		
(i) From banks	287.37	316.09
(ii) From others	37.93	38.35
(f) Working Capital Term Loan from Banks (WCTL-2)		
(i) From banks	4.52	4.91
(ii) From others	11.08	11.06
(g) 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	225.68	-
(ii) From others	23.09	-
(h) Other term loans		
(ii) From banks	86.51	305.64
(ii) From others	-	6.04
	958.69	1,019.43
ii) Cash credit facilities (Repayable on demand)	**1,154.31**	1,123.39
iii) Other working capital loans from banks	**784.05**	753.31
Unsecured		
i) Current maturities of long-term borrowings - Foreign Currency Term Loan from bank	-	50.79
ii) Loans from related party	**0.10**	24.13
iii) Other bank loans	**164.60**	153.88
Total	**3,061.75**	3,124.93
Less: Transferred to liabilities of disposal groups held for sale [Refer notes 17.2 and 24(i)]	**(2,448.94)**	-
Total current borrowings	**612.81**	3,124.93
Total borrowings	**1,791.28**	**4,533.21**

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
19.1 Details of security and terms of repayment		
(a) Non-Convertible Debentures (NCDs)		
i) Axis These debentures were classified as RTL-1. These debentures carried an interest yield of 11.50% p.a. and were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. These were secured by way of registered mortgage over 231.66 acres of land of Lavasa Corporation Limited ('LCL'), situated in 5 villages namely Village Admal, Bhode, Gadle, Padalghar and Ugavali in taluka Mulshi, District Pune, Maharashtra. Same has been fully repaid in the current year.	-	14.81
ii) LIC These debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021 and the Company is in default of repayment thereof.	41.12	48.56
	41.12	**63.37**

(b) 0.01% Optionally Convertible Debentures (OCDs)

OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the issuance, the OCDs were to be converted into non-convertible debentures in case of non-occurrence of event of default as per the guidelines of the S4A Scheme. Pursuant to the exemption provided by the Securities and Exchange Board of India ('SEBI') from the application of Regulation 75 of SEBI ICDR regulations to the Company, the tenure of OCDs has been extended for a further 8.5 years beyond the statutorily prescribed period of 18 months. The lenders have an option to convert the OCDs into equity shares of the Company, in accordance with the terms thereof including in case of any event of default or default in payment during the 10 years from the date of issuance of respective OCDs. The repayment of the OCD commences from the 6th anniversary of the allotment date. Details of principal maturity have been provided below.

Date of Repayment	₹ crore
30 September 2022	248.77
30 September 2023	249.48
30 September 2024	233.59
30 September 2025	225.16
30 September 2026	234.28

Security details

1. First ranking pari passu charge on all of the Holding Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and

2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security perfection has been completed on the OCD facilities issued as part of the S4A scheme.

Collateral security pari-passu with all S4A lenders:

1. HREL Real Estate Limited (HREL) has provided Corporate guarantee for the outstanding facilities of the Holding Company.

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 Finance Limited and Hincon Holdings Limited.

3. Personal guarantee of the Chairman and Managing Director of the Holding Company.

Walker Chandiok & Co LLP
Chartered Accountants
Pune

Hindustan Construction Company Ltd.
Hincon House,
L.B.S. Road,
Vikhroli (W)
Mumbai-83

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
(c) Foreign Currency Term Loans		
(i) Export-Import Bank of India The loan availed by HCC Mauritius Enterprise Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025. This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pledge of equity shareholding of the borrower held by Holding Company (iii) a first charge over specific fixed assets of Holding Company having written down value of ₹ 50 crore (at the time of original sanction in May 2010) (iv) pledge of 33% equity share holding of Steiner AG, held by HMEL, a subsidiary company (v) non disposal undertaking for non-disposal of shareholding in Steiner AG or any other SPV created for the purpose of acquition.	**41.45**	40.19
(ii) Export-Import Bank of India The loan availed by HCC Mauritius Investment Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025. This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pari-passus first charge over specific fixed assets of Holding Company (also encumbered for term loan availed by HMEL from Exim bank for acquisition of 66% of the equity shares of Steiner AG) (iii) corporate guarantee by HMEL (iv) pledge of 66% equity share holding of Steiner AG, held by HMEL, a subsidiary company (including pari-passu pledge on 33% shares encumbered for term loan availed by HMEL from Exim bank) (v) pledge of 100% equity shares of HMIL held by Holding Company (vi) pledge of 34% equity shares of Steiner AG, held by HMIL, a subsidiary company.	**172.12**	166.89
(iii) Foreign Currency Term Loan from Bank This loan was repayable in 26 monthly instalments commencing from 31 May 2019 and ending on 30 June 2021. However, during the current year, the Holding Company has entered into an amendment agreement with the lender wherein the parties have agreed to restructure the outstanding amounts for USD 6.89 million with fixed interest rate of 1.91% p.a. compounded annually, repayable in 3 structured instalments commencing from 31 December 2028 and ending on 31 December 2030.	**22.39**	50.79
(iv) Asia Opportunities (IV) Mauritius Limited - External Commercial Borrowings (ECB) The ECB loan of Holding Company carries a floating interest rate equal to 3 month LIBOR plus 350 basis points and was repayable in three quarterly instalments commencing from 31 December 2019. 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.	**72.04**	69.63

(d) Rupee Term Loans (RTL-A)

RTL-A carries interest rate of 11.75% p.a., payable monthly, over the five years commencing 25 May 2017. Refer note 19.1.1 for security details.

(e) 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 19.1.1 for security details.

(f) Working Capital Term Loan from Banks (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 19.1.1 for security details.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
(g) Other term loans from banks		
i) Term Loan from ICICI bank carrying interest rate of ICICI Base Rate (9.25% p.a.) plus 2.25% p.a. This loan is repayable within 10 years in 28 structured quarterly instalments commencing from 15 April 2016 and ending on 15 January 2023. This term loan is secured by: a) first exclusive charge on the current assets and fixed assets of the borrower (subsidiary company) b) mortgage over land situated at Kavsar, Thane, Maharashtra (32 acres) of HRL (Thane) Real Estate Limited on first pari-passu basis c) Pledge over 30% shareholding of HREL in HRL (Thane) Real Estate Limited d) Pledge over 30% shareholding of HCC in Highbar Technologies Limited.	9.16	8.21
ii) Term loans are repayable in 16 consecutive quarterly instalments commencing from the third year of the loan. Carrying floating interest rate ranging from 10.75% to 12.25% p.a. The loans are secured by way of : a) Extension of the Charge on the pledge of shares of HICL in HCC Concessions Ltd ('HCL') already charged to the bank at HICL. b) First Pari Passu Charge on all assets of HICL c) Extension of second pari passu charge over entire assets of HICL [Including movable and immovable property, plant and equipment (if any) and current assets], excluding investments, both present and future provided for the bank facility at HICL for Loan amount of ₹ 88.00 crore. d) Corporate guarantee of HICL in a form and manner acceptable to the bank (Refer Note 34.1)	-	21.86
iii) Loan carries an interest rate ranging between 10.65% to 11.25% p.a. The loan has been secured as follows: a) First Pari passu charge on all assets of the HICL b) Extension of Pledge of Shares HICL in HCL already pledged with the bank for the HICL c) Unconditional and irrevocable Guarantee from HICL d) Unconditional and irrevocable Guarantee from the Holding Company e) Extension of the second pari passu charge over entire assets of HICL f) Pledge over 30% equity shares of HCC Power Ltd held by HICL in favour of IDBI g) Trusteeship Services Ltd as Security Trustee for TL1, TL2, TL3 & TL4 sanctioned by lender to HCC Power Limited, to be reduced to 15% on repayment of 50% of the sanctioned facilities. h) Terms of repayment : Term loans are repayable in 20 consecutive quarterly instalments commencing from the third year of the loan as set forth in sanction letter dated 10 December 2015.(Refer Note 34.1)	-	236.60
iv) Carrying floating interest rate ranging from 10.75% to 11.25% p.a. repayable in 20 structured quarterly installments commencing from February 2019 and ending on December 2022 (Refer Note 34.1) Secured by Unconditional and Irrevocable Corporate Guarantee of HREL Real Estate Limited & Undertaking from HCC Infrastructure Company Limited The HICL has entered into a novation agreement with Charosa Wineries Limited and Yes Bank Limited pursuant to the Resolution Plan of Charosa Wineries Limited whereby the loan from Yes Bank Ltd. amounting to ₹ 37.73 crore borrowed by Charosa Wineries Limited alongwith its rights and Liabilities under the Loan Agreement will be transferred to Dhule Palesner Operations & Maintenance Limited.	-	37.73
v) Carrying floating interest rate ranging from 10.75% to 12.25% p.a. repayable in 7 structured quarterly installments commencing from September 2020 and ending on March 2022 (Refer Note 34.1) Term loans are repayable in 16 conseculive quarterly instalments commencing from the third year of the loan Extension of the Charge on the pledge of shares of HCC Infrastructure Company Limited (HICL) in HCC Concessions Ltd already charged to the bank at HCC Infrastructure Company Limited. Extension of second pari passu charge over entire assets of HICL(Including movable and immovable fixed assets(If any) and current assets), excluding investments, both present and future provided for the bank facility at HICL for Loan amount of ₹ 88,00,00,000 Corporate guarantee of HCC Infrastructure Company Limited in a form and manner acceptable to the bank First Pari Passu Charge on all assets of Borrower	-	1.24
vi) Carrying interest rate ranging 9.75% to 10.75 % p.a. repayable in 52 unstructured quarterly installments commencing from March 2016 and ending in 30 June 2029.	590.55	-
vii) Carrying interest rate of 10.75% p.a. repayable in 52 consecutive quarterly installments from June 2018 and ending on March 2031	73.03	-
viii) Carrying interest rate ranging 9.75 % to 11.00% p.a. repayable in 52 unstructured quarterly installments commencing from June 2018 and ending on September 2031.	87.61	-
ix) Carrying interest rate of 10.75% p.a.repayable in 52 consecutive quarterly installments from June 2018 and ending on March 2031	4.32	-
Less : Transferred to liabilities of a disposal group held for sale [Refer notes 17.3 and 24(ii)]	(678.16)	-
	86.51	305.64

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

(h) Term loans from others

Carrying 12.75% interest rate p.a. repayable in 34 structured monthly installments commencing from June 2019 The loans are secured by way of : a) Subservient charge (yet to create) on proceed from an arbitration award in favour of a Group Company to the extent of ₹ 7 crore b) An subservient charge on the claim receivables to the extent of loan outstanding under the Deed of Hypothecation.	-	6.04
	-	6.04

(i) Cash credit facilities
The Cash credit facilities carry a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points and are repayable on demand.

(j) Working capital loan
Working Capital Loans carry a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points. Loans aggregating ₹ 636.56 crore (31 March 2021: ₹ 718.56 crore, which were contractually repayable between 30 June 2019 and 31 March 2021 and the Holding Company has defaulted in the repayment thereof.

(k) Working capital demand loans availed by Steiner AG:

Working Capital Demand Loan from bank include loan facilities availed by Steiner AG, a subsidiary company, aggregating ₹ 147.49 crore (31 March 2021: ₹ 34.75 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 2022 ₹ crore	As at 31 March 2021 ₹ crore
II. Unsecured		
(a) Loan availed by Steiner AG from Credit Suisse, Switzerland	-	3.87
	-	3.87

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) * MUMBAI-83. *

(b) Other bank loan

As at 31 March 2022, bank guarantees aggregating ₹ 164.60 crore (31 March 2021: ₹ 153.88 crore) have been encashed by customers/ suppliers of the Holding Company. Pursuant to the encashment of guarantees, these amounts were demanded by the respective banks and the Holding Company has defaulted in the repayment thereof. Consequently, these dues have been presented as "other bank loans" under current borrowings. These loans carry a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points.

Note 19.1.1 RTL-A, RTL-1, RTL-2 and WCTL-2 are secured in the form of:

1. The parcel of land (immovable non-residential property) admeasuring 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 Holding Company (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future current assets of the Holding Company (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

The above security having ranking in respect to RTL1 and RTL-A are as below:
1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

The above security having ranking in respect to RTL2 and WCTL2 are as below:
A second ranking and pari passu security interest by way of legal mortgage over all the Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA:
1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Company.
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company.

Note 19.1.2 Security and terms for Cash Credit Facilities and Other Working Capital Demand Loan:
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 the present and future current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The above security having ranking as below:
1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA are same as indicated in note 19.1.1.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Company.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

Note 19.2 Net debt reconciliation
An analysis of net debt and the movement in net debt for the year ended 31 March 2022 and 31 March 2021 is as follows:

(₹ crore)

Particulars	31 March 2022	31 March 2021
Cash and cash equivalents	720.97	642.13
Current borrowings (including interest accrued)	4,111.80	3,554.86
Non-current borrowings (including interest accrued)	2,692.93	2,216.59
Net debt	6,083.76	5,129.32

(₹ crore)

Particulars	Cash and cash equivalents (A)	Non-current borrowings (B)	Current borrowings (C)	Total (D) = B + C - A
Net debt as at 1 April 2020	276.11	2,182.67	2,534.74	4,441.30
Cash flows (net)	374.15	(89.72)	648.65	184.78
Exchange loss	(8.13)	-	-	8.13
Interest expense	-	234.79	378.96	613.75
Reclassification	-	(19.99)	19.99	-
Interest paid	-	(91.16)	(27.48)	(118.64)
Net debt as at 31 March 2021	642.13	2,216.59	3,554.86	5,129.32
Cash flows (net)	61.65	(55.84)	(158.99)	(276.48)
Exchange loss	17.19	-	-	(17.19)
Addition due to business combination	-	789.89	-	789.89
Gain on one-time settlement	-	(31.34)	(74.76)	(106.10)
Reclassification	-	(455.32)	455.32	-
Interest expense	-	269.72	544.85	814.57
Interest paid	-	(40.78)	(209.47)	(250.25)
Net debt as at 31 March 2022	720.97	2,692.93	4,111.80	6,083.76

Note 19.3 In respect of below balances, direct confirmations from lenders of the Holding Company has not been received:

Particulars	As at 31 March 2022	As at 31 March 2021
Current borrowings	49.67	2.10
Other current financial liabilities	320.55	616.09
Liabilities of a disposal group held for sale	2.85	-
	373.07	618.19

In the absence of confirmations/ statements from lenders, the Holding Company has provided for interest (including penal interest) based on the interest rate specified in the agreement or latest communication available from the respective lenders and interest has been computed on the balance of loans as per Holding Company's records. The Holding Company's management believes that amount payable will not exceed the liability provided in the financial results in respect of these borrowings.
Further, balances with banks (included under cash and cash equivalents) and earmarked balances/fixed deposits (included under bank balances other than cash and cash equivalents) as at 31 March 2022 include balances amounting to ₹ 2.18 crore (31 March 2021: ₹ 2.10 crore) and ₹ 0.95 crore (31 March 2021: ₹ 10.91 crore), respectively, for which confirmations/ statements from banks have not been received.

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

Note 19.4 Default in repayment of Borrowings

As at 31 March 2022, the Company has defaulted in repayment of borrowings (non-current and currrent) including interest thereon. The item-wise breakup is as under:

Sr. No.	Particulars	Period	Principal (₹ in crore)	Interest (₹ in crore)
1	Non-Convertible Debentures	31 to 90 days		
		91 to 180 days	1.49	0.02
		181 to 365 days	2.98	0.23
2	Term Loans from Banks	Upto 30 days	-	0.09
		31 to 90 days	13.65	21.82
		91 to 180 days	20.83	14.39
		181 to 365 days	52.02	97.99
		> 365 days	305.59	117.79
3	Term Loans from Financial Institutions	31 to 90 days	1.55	7.93
		91 to 180 days	6.86	4.19
		181 to 365 days	20.44	26.19
		> 365 days	157.40	36.95
4	Working Capital Demand Loans	> 365 days	636.57	44.84
5	Cash Credit Facilities	31 to 90 days	-	-
		181 to 365 days	-	-
		> 365 days	493.74	118.98
6	Other Bank Loans	31 to 90 days		
		91 to 180 days	10.73	1.02
		181 to 365 days		
		> 365 days	153.89	47.34
	Total		1,877.74	539.77

As at 31 March 2021, the Company has defaulted in repayment of borrowings (non-current and currrent) including interest thereon. The item-wise breakup is as under:

Sr. No.	Particulars	Period	Principal (₹ in crore)	Interest (₹ in crore)
1	Non-Convertible Debentures	31 to 90 days	5.71	1.30
		91 to 180 days	5.71	0.92
		181 to 365 days	5.71	2.22
2	Term Loans from Banks	Upto 30 days	-	0.08
		31 to 90 days	45.45	32.15
		91 to 180 days	54.06	33.17
		181 to 365 days	370.00	77.02
		> 365 days	139.57	47.99
3	Term Loans from Financial Institutions	31 to 90 days	11.53	4.64
		91 to 180 days	9.41	3.60
		181 to 365 days	56.30	11.47
		> 365 days	133.51	30.56
4	Working Capital Demand Loans	> 365 days	529.75	31.63
5	Cash Credit Facilities	31 to 90 days	155.18	1.59
		91 to 180 days	0.14	0.15
		181 to 365 days	13.81	-
		> 365 days	436.49	58.79
6	Other Bank Loans	31 to 90 days	-	-
		91 to 180 days	9.10	0.68
		181 to 365 days	56.63	6.25
		> 365 days	88.17	14.32
	Total		2,126.23	358.52

Note 19.5 Reconciliation of stock statement submitted to the consortium banks with books of account where borrowings have been availed based on security of current assets:

By Holding Company

Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return/statement	Amount of difference	Reason for material variances
30 June 2021	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,741.38	2,160.21	581.17	Refer note below
		Trade Receivables	4,285.78	2,410.07	1,875.71	
30 September 2021		Inventory & Unbilled work-in-progress	2,796.76	2,205.14	591.62	Refer note below
		Trade Receivables	3,800.76	1,631.40	2,169.36	
31 December 2021		Inventory & Unbilled work-in-progress	2,989.20	2,287.09	702.11	Refer note below
		Trade Receivables	3,961.10	1,713.78	2,247.32	

Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return/statement	Amount of difference	Reason for material variances
30 June 2020	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,788.06	2,288.74	499.32	Refer note below
		Trade Receivables	4,379.89	3,131.96	1,247.93	
30 September 2020		Inventory & Unbilled work-in-progress	2,873.91	2,403.03	470.89	Refer note below
		Trade Receivables	4,373.87	3,224.20	1,149.67	
31 December 2020		Inventory & Unbilled work-in-progress	2,947.78	2,435.00	512.78	Refer note below
		Trade Receivables	4,269.95	3,238.29	1,031.66	
31 March 2021		Inventory & Unbilled work-in-progress	2,609.82	1,969.90	639.92	Refer note below
		Trade Receivables	4,398.21	2,592.58	1,805.63	

i) Difference is mainly on account of arrangement with banks/ financial institution, which requires the Holding Company to submit the details of inventory, trade receivable, unbilled work-in-progress excluding projects executed as joint operations and projects which are closed/suspended/ terminated etc.

ii) No other group company has availed borrowings based on security of current assets.

WALKER CHANDIOK & CO LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Note 20 Other financial liabilities	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Non-current		
Security deposits	0.13	0.59
Interest accrued but not due	1,014.86	944.15
Financial liabilities of erstwhile subsidiary assumed [Refer notes 20.1(i)]	490.20	513.73
Financial guarantees	49.70	49.70
Total non-current financial liabilities	1,554.89	1,508.17
Current		
Interest accrued but not due (Refer notes 19.3 and 20.2)	445.77	149.82
Interest accrued and due (Refer note 19.3)	604.28	400.30
Unpaid dividends	0.00 *^	0.00 *^
Financial liabilities of erstwhile subsidiary assumed [Refer notes 19.3 and 20.1(ii) and (iii)]	494.56	434.97
Others		
- Due to employees	97.93	91.63
- Liability for capital goods	6.46	7.42
- Interest payable on contractee advances	213.44	178.80
- Other liabilities	18.53	31.16
	1,880.97	1,294.10
Less: Transferred to liabilities of a disposal group held for sale (Refer notes 17.2, 17.3 and 24)	(473.65)	-
Total current financial liabilities	1,407.32	1,294.10
Total other financial liabilities	2,962.21	2,802.27

* Represents amount less than ₹ 1 lakh

^ Includes ₹ 7,600 (31 March 2021: ₹ 7,600) which is held in abeyance due to legal cases pending

Other financial liabilities carried at amortised cost	2,962.21	2,802.27
Other financial liabilities carried at FVPL	-	-

Note 20.1 Details of security and terms of repayment

Liability towards invocation of put options and corporate guarantees by lenders of Lavasa Corporation Limited ('LCL')

(i) Pursuant to sanction letters entered with lenders of LCL during earlier years, liabilities aggregating ₹ 865.23 crore were taken over by the Holding Company at ₹ 515 crore. As per the sanction letters, these liabilities carried an interest of 9.50% p.a. compounded quarterly with effect from 1 October 2018 and were to be repaid by 31 March 2023 from realization of certain identified claims. However, as per the current resolution plan, which has been approved by the respective Board/ Committees of 100% lenders making the resolution plan binding on all lenders, the aforesaid lenders of LCL would be repaid as per the revised payment plan between March 2023 to June 2029. Pending the implementation of the resolution plan, the differential between the liability pursuant to the put option agreement and the liability as per the revised sanction letter mentioned above, has been reported under contingent liabilities in the financial statements [Refer note 36(A)(v)].

(ii) Further, certain lenders of LCL had invoked corporate guarantees of the Holding Company during earlier years. Accordingly, the liability of ₹ 232.20 crore has been recognised by the Holding Company. These liabilities carried an interest of 9.50% p.a. compounded quarterly with effect from 1 October 2018. As per the current resolution plan, remaining liability towards invocation of corporate guarantees shall be repaid between 30 June 2029 and 30 June 2031. Pending the implementation of the resolution plan, no adjustments have been given in the financial statements.

(iii) HCC Operations and Maintainence Limited ('HOML'), a step down subsidiary, had signed a Debenture Sale Purchase (DSP) agreement on 29 September 2017 with certain debenture holders for purchase of debentures issued by Lavasa Corporation Limited (LCL), in the event of any default for an aggregate consideration of ₹ 138 crore plus Interest @ 10.27 % per annum.
Pursuant to default by LCL, HOML has assumed liability of LCL towards these debentures amounting to ₹ 239.32 crore as at 31 March 2022.

Note 20.2: Includes ₹ 178.56 crore (31 March 2021: ₹ 135.83 crore) and ₹ 204.62 crore (31 March 2021: ₹ 120.19 crore) in respect of non-current interest accrued but not due and current interest accrued but not due respectively, towards financial liabilities of LCL assumed as mentioned in Note 20.1 above.

Note 21 Provisions	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Non-current		
Provision for employee benefits		
- Gratuity	50.70	127.46
- Pension fund	6.62	6.55
- Compensated absences	12.09	13.14
Provision for warranty (Refer note 21.1)	54.64	42.16
Provision for major maintenance	67.93	-
Less: Transferred to liabilities of a disposal group held for sale (Refer note 17.3 and 24)	(67.93)	-
Total non-current provisions	124.05	189.31
Current		
Provision for employee benefits		
- Gratuity	6.74	8.08
- Pension fund	6.09	5.70
- Leave entitlement and compensated absences	3.14	4.96
Provision for warranty (Refer note 21.1)	126.19	106.10
Provision for foreseeable losses	324.94	128.07
Provision for major maintenance (Refer notes below)	47.94	-
Less: Transferred to liabilities of a disposal group held for sale	(47.94)	-
Total current provisions	467.10	252.91
Total provisions	591.15	442.22

Note 21.1 Detail of provision in respect of warranty is as stated below:

Particulars		
Opening provision as at the beginning of the year	148.26	155.98
Addition during the year	69.43	37.18
Utilized during the year	(36.86)	(44.90)
Closing provision as at the end of the year	180.83	148.26
Non current	54.64	42.16
Current	126.19	106.10
Total	180.83	148.26

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 (pool approach). As per closing date, future warranty costs are estimated and if needed the warranty provisions are increased or released. The subsequent major cash flows of remaining provisions will take place over next five years

Note 21.2 The Group has adequately recongized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

* Represents amount less than ₹ 1 lakh

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 22 Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	80.07	48.02
Less: Transferred to Liabilities of a disposal group held for sale	(0.07)	-
	80.00	48.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,026.27	2,999.40
Less: Transferred to Liabilities of disposal groups held for sale	(39.77)	-
	2,986.50	2,999.40
Total trade payables	3,066.50	3,047.42

Note 22.1 Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

Note 22.2 Trade payables and liabilities for capital goods (under other current financial liabilities) as at 31 March 2022 include ₹ 36.43 crore and ₹ 3.26 crore, respectively, to parties situated outside India. These balances are pending for settlement due to financial difficulties presently being faced by the Holding Company and have resulted in delay in remittance of payments beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The Company is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of delay. Pending conclusion of the aforesaid matters, the amount of penalty, if any, that may be levied, is not ascertainable but also not expected to be material to the consolidated financial statements, and accordingly, the consolidated financial statements do not include any adjustments that may arise due to such delay/ default.

Note 22.3 Trade payables ageing schedule (including transferred to Liabilities of disposal groups held for sale):

			Outstanding for following periods from due date of payment				
As at 31 March 2022	**Not due**	**Unbilled**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	70.77	2.22	4.61	2.47	80.07
(ii) Others	476.64	1,346.20	829.27	87.88	45.61	240.67	3,026.27
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	476.64	1,346.20	900.04	90.10	50.22	243.14	3,106.34

			Outstanding for following periods from due date of payment				
As at 31 March 2021	**Not due**	**Unbilled**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	30.44	9.03	2.47	6.07	48.02
(ii) Others	441.48	1,181.20	1,033.79	18.78	59.07	265.08	2,999.40
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	441.48	1,181.20	1,064.23	27.81	61.54	271.15	3,047.42

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 23 Other liabilities		
Current		
Revenue received in advance (Due to customers)	798.84	1,143.93
Advance from:		
- contractee	1,556.14	1,765.64
- National Highway Authorities of India (NHAI)	6.56	-
Statutory dues payable	38.25	50.01
Payable to NHAI	3.99	-
Other liabilities	51.79	69.31
	2,455.57	3,028.89
Less: Transferred to Liabilities of disposal groups held for sale (Refer note 17.3 and 24)	(10.65)	-
Total other current liabilities	2,444.92	3,028.89
Note 24 Liabilities of disposal groups held for sale		
i) Liabilities of a disposal group held for sale (Refer note 17.2)		
a) Current borrowings	2,448.94	-
b) Other financial liabilities	470.80	-
c) Trade payables	22.30	-
	2,942.04	
ii) Liabilities of a disposal group held for sale (Refer note 17.3)		
a) Trade payables	17.54	-
b) Non-current borrowings	678.16	-
c) Other current financial liabilities	2.86	-
d) Provisions	115.86	-
e) Other current liabilities	10.65	-
	825.07	
Total Liabilities of disposal groups held for sale	3,767.11	-

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) ★ MUMBAI-83 ★

Note 25 Revenue from operations	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Sale of products and services:		
a) Construction revenue	10,204.82	7,954.80
b) Royalty income	2.95	-
c) Operation and maintenance fees	10.64	34.99
d) Sale of software products and licenses	2.73	7.63
	10,221.14	7,997.42
Other operating revenue:		
a) Interest on arbitration awards	424.54	227.68
b) Provision no longer required written back	24.05	23.32
	448.59	251.00
Total revenue from operations	10,669.73	8,248.42

Disclosure in accordance with Ind AS 115 Revenue from Contracts with Customers

(a) Disaggregated revenue information

Revenue disaggregation as per industry vertical has been included in segment information (Refer note 49)

(b) Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹ 20,867 crore (31 March 2021: ₹ 23,631 crore). Most of the Group's contracts have a life cycle of four to five years. Management expects that around 35% - 40% of the transaction price allocated to unsatisfied contracts as of 31 March 2022 will be recognised as revenue during next reporting period depending upon the progress on each contracts. The remaining amounts are expected to be recognised over the next three to four years. The amount disclosed above does not include variable consideration.

(c) Contract balances

(i) Movement in contract balances during the year:

₹ crore

Particulars	Contract assets (unbilled work-in-progress)	Contract liabilities (due to customer)	Net contract balance
Balance as at 1 April 2020	3,643.01	981.86	2,661.15
Net increase	183.11	162.07	21.04
Balance as at 31 March 2021	3,826.12	1,143.93	2,682.19
Net increase	262.31	(345.09)	607.40
Balance as at 31 March 2022^	4,088.43	798.84	3,289.59

^ includes ₹ 359.40 crore classified as assets of a disposal group held for sale (Refer note 16 and 17.2)

Note: Increase in contract assets is primarily due to lesser certification of progress bills as compared to revenue for the year in certain projects/ entities. Further, contract liability has increased due to lesser recognition of revenue as compared to progress bills raised during the year in certain projects/ entities.

(ii) Revenue recognised during the year from opening balance of contract liability amounts to ₹ 1,031.73 crore (31 March 2021: ₹ 923.44 crore)

(iii) Revenue recognised during the year from the performance obligation satisfied upto previous year amounts to ₹ 479.01 crore (31 March 2021: ₹ 4.63 crore)

(d) Out of the total revenue recognised during the year, ₹ 10,632.09 crore (31 March 2021: ₹ 8,190.11 crore) is recognised over a period of time and ₹ 37.64 crore (31 March 2021: ₹ 58.31 crore) is recognised at a point in time.

(e) There are no reconciliation items between revenue from contracts with customers and revenue recognised with contract price.

(f) Cost to obtain or fulfill the contract:

i. Amount of amortisation recognised in Statement of Profit and Loss during the year : Nil
ii. Amount recognised as contract assets as at 31 March 2022 : Nil

Note 26 Other income	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
a) Interest income:	61.27	27.10
b) Dividend from non-current investments	1.14	1.05
c) Other non-operating income:		
- Rental income	0.54	0.54
- Profit on disposal of property, plant and equipment (net)	2.36	12.93
- Exchange gain (net)	3.92	-
- Fees for sale of projects	63.35	37.58
- Miscellaneous	19.55	7.37
	89.72	58.42
Total other income	152.13	86.57

Note 27 Cost of construction materials consumed		
Inventory at beginning of the year	182.15	187.52
Add: Purchases	876.91	537.01
	1,059.06	724.53
Less: Sale of scrap and unserviceable material	(23.95)	(16.81)
	1,035.11	707.72
Less: Inventory at the end of the year	(170.05)	(182.15)
Total cost of construction materials consumed	865.06	525.57

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & CO LLP PUNE CHARTERED ACCOUNTANTS

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Note 28 Changes in inventories		
Opening inventory	291.55	275.04
Less: Closing inventory	(308.69)	(291.55)
Total changes in inventories	(17.14)	(16.51)
Note 29 Construction expenses		
a) Power, fuel and water	137.83	129.47
b) Insurance	20.87	29.43
c) Rent (Refer note 42)	98.43	65.23
d) Transportation	27.45	18.33
e) Others	21.46	18.30
Total construction expenses	306.04	260.76
Note 30 Employee benefits expense		
a) Salaries and wages	797.68	817.15
b) Contribution to provident and other funds	67.63	70.44
c) Staff welfare	66.23	67.26
Total employee benefits expense	931.54	954.85

Note 30.1 The Holding Company has accrued/ paid managerial remuneration to Chairman and Managing Director ('CMD') and Whole Time Director ('WTD') for the period 1 April 2019 to 31 March 2022 in excess of the limits prescribed under sec 197 of the Act as follows:

₹ crore

Financial Year	Designation	Remuneration accrued	Remuneration Paid	Remuneration as per prescribed limit	Excess remuneration accrued/ paid	Excess remuneration paid held in trust
		(a)	(b)	(C)	(d = a - c)	(e = b - c)
2019-20	CMD & Whole Time Director	13.57	3.75	-	13.57	3.75
2020-21		13.50	1.44	-	13.50	1.44
2021-22		14.00	1.80	-	14.00	1.80
Total		41.07	6.99	-	41.07	6.99

While the approval for payment of the aforementioned managerial remuneration has been obtained from the shareholders, the requisite prior approval from lenders are yet to be obtained, which the Holding Company expects to obtain along side implementation of the resolution plan.

		Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Note 31 Finance costs			
Interest expense on:			
- debentures		289.49	309.56
- term loan and cash credit		396.70	370.55
- financial liabilities of an erstwhile subsidiary assumed		127.08	112.18
- lease liabilities (Refer note 42)		3.41	3.41
- others		146.38	158.32
Other borrowing costs			
- guarantee commission		62.37	39.15
- other finance charges		5.04	7.89
Total finance costs		1,030.47	1,001.06
Note 32 Depreciation and amortisation expense (Refer notes 3A, 3B, 4 and 5)			
a) Depreciation of tangible assets		99.93	99.10
b) Depreciation on right-of-use assets		30.32	31.40
c) Depreciation of investment properties		0.03	0.03
d) Amortisation of intangible assets		8.06	4.97
Total depreciation and amortisation expense		138.34	135.51
Note 33 Other expenses			
a) Stationery, postage, telephone and advertisement		4.67	4.36
b) Travelling and conveyance		8.15	5.63
c) Rates and taxes		24.12	75.20
d) Professional fees		37.27	48.42
e) Repairs and maintenance - building		4.02	3.60
f) Repairs and maintenance - others		11.12	17.45
g) Directors' sitting fees		0.77	0.86
h) Auditors' remuneration:			
i) Audit fees	4.12		4.02
ii) Tax audit fees	0.20		0.20
iii) Limited review fees	1.00		1.00
iv) Certification fees	0.54		0.86
v) Reimbursement of out of pocket expenses	0.02		0.02
		5.88	6.10
i) General office expenses		25.05	12.38
j) Operation and maintenance		121.70	74.47
k) Selling and distribution expenses		5.66	5.34
l) Exchange loss (net)		-	9.28
m) Computer maintenance and development		7.42	6.98
n) Miscellaneous expenses		22.99	27.57
Total other expenses		278.82	297.64

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. ★ MUMBAI-83 ★ Hincon House, L.B.S. Road, Vikhroli (W)

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Note 34 Exceptional items		
a) Loss on settlement with a customer (net)	-	(274.03)
b) Gain on one-time settlement of debt [Refer note 34.1 below]	106.10	-
Total exceptional items - Gain / (loss)	106.10	(274.03)

Note 34.1 Gain on one-time settlement of debt

Pursuant to an one time settlement between HICL along with its subsidiaries namely HCC Power Limited, HCC Operations and Maintenance Limited and Dhule Palesar Operation and Maintenance Limited with its lenders, the total outstanding debt (including interest thereon) aggregating ₹ 371.10 crore was settled for ₹ 265 crore. The settlement amount has been fully repaid during the year and the resultant gain of ₹ 106.10 crore has been recognised and presented as an exceptional item.

		Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Note 35 Earnings/ (loss) per share (EPS)			
Basic and diluted EPS			
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	419.65	(610.02)
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	1,51,29,76,244
C. EPS - Basic and Diluted	(₹)	2.77	(4.03)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(20.09)	-
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	-
C. EPS - Basic and Diluted	(₹)	(0.13)	-
Earnings/ (Loss) per share (Face value of ` 1 each) - for total operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	1,51,29,76,244
C. EPS - Basic and Diluted	(₹)	2.64	(4.03)

Equity shares to be issued to certain lenders pursuant to implementation of S4A Scheme and to lenders pursuant to Right to Recompense do not presently qualify as potential equity shares and hence have not been considered in the determination of diluted earnings per share.

HINDUSTAN CONSTRUCTION COMPANY LTD. ★MUMBAI-83.★ Hincon House, L.B.S. Road, Vikhroli (W)

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

Note 36 Contingent liabilities and commitments

A. Contingent liabilities	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
(i) Claims not acknowledged as debts by the Group	181.32	202.41
(ii) Income tax liability that may arise in respect of which the Group is in appeals	132.01	100.90
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	205.53	215.85
(iv) Put option given to lenders of Lavasa Corporation Limited to sell debentures to the Holding Company in the event of default (including interest and penal charges thereon) (Refer note 20.1)	976.60	672.09
(v) Counter indemnities given to banks in respect of contracts executed	1,207.45	1,204.09
(vi) Other	0.99	-

Note : It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities except in respect of matters stated in (iv) and (vi) above. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

B. Commitments	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
(i) Capital Commitment (net of advances)	294.08	38.48
(ii) Corporate guarantees (Refer note 37)	6,069.65	5,764.70
(iii) Other Commitments	1.25	-

Note 37 : HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 31 March 2022 stands at ₹ 6,069.65 crore.
LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debts due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial statements as at and for the year ended 31 March 2022, as impact, if any, is currently unascertainable.

Note 38 : Unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and current trade receivables includes ₹ 909.12 crore (31 March 2021: ₹ 833.67 crore), ₹ 223.43 crore (31 March 2021: Nil) and ₹ 277.03 crore (31 March 2021: ₹ 295.33 crore), respectively, outstanding as at 31 March 2022 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. Further, non-current trade receivables, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 31 March 2022 includes receivables of ₹ 187.59 crore (31 Match 2021: Nil), ₹ 487.14 crore (31 March 2021: ₹ 2,748.55 crore) and ₹ 2,283.06 crore (31 March 2021: Nil) [net of advances of ₹ 3,238.33 crore (31 March 2021: ₹ 2,738.80 crore)], respectively, representing claims awarded in arbitration, including interest thereon, in favour of the Company which have been challenged by the customers in higher courts. These aforementioned receivables 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 Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.

Note 39 : Short term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), as at 31 March 2022 includes ₹ 52.95 crore and ₹ 50.25 crore, respectively in respect of which, in the absence of confirmation from the lenders/ bankers, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders/ bankers at the interest rate specified in the agreements. RHDL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

Note 40 : The Notification under Section 3C(1) under the Maharashtra Slum Area (Improvement & Redevelopment) Act, 1971 declaring the land parcel at Vikhroli (East) held by the Panchkutir Developers Limited ('PDL'), a subsidiary of Holding Company, as "Slum Rehabilitation Area" has been challenged by some persons and appeals preferred are pending in the Bombay High Court. Similarly, a suit filed in the High Court by some persons for declaration that they are Lessees of the said property is also pending. Suit filed by PDL for vacant and peaceful possession of part of the said land is in the Small Causes Court, Mumbai. On 12 December 2021, Small Causes Court passed ex-parte Decree & Judgement in PDL's favour. The opposite party has filed application to set aside the order of Decree and Judgement.

Note 41 Interest in other entities

a) Joint operations (unincorporated entities)

The Group's share of interest in joint operations is set out below:

Name of the entity	% of ownership interest held by the Group		Name of the ventures' partner	Principal place of business	Principal activities
	31 March 2022	31 March 2021			
HCC - L&T Purulia Joint Venture	**57.00**	57.00	Larsen and Toubro Limited	India	Construction
Nathpa Jhakri Joint venture	**40.00**	40.00	Impregilio-Spa, Italy	India	Construction
Kumagai - Skanska - HCC - Itochu Joint Venture	**19.60**	19.60	Skanska, Kumagai	India	Construction
Alpine - Samsung-HCC Joint Venture	**33.00**	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	India	Construction
Alpine - HCC Joint Venture	**49.00**	49.00	Alpine Meyreder Bau	India	Construction
HCC - Samsung Joint Venture CC-34	**50.00**	50.00	Samsung C&T Corporation	India	Construction
HCC - HDC Joint Venture	**55.00**	55.00	Hyundai Development Company	India	Construction
HCC - VCCL Joint Venture	**50.00**	50.00	Vensar Constructions Co Ltd	India	Construction
ARGE Prime tower	-	45.00	Losinger Construction AG	Switzerland	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 Group 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 2022 ₹ crore	As at 31 March 2021 ₹ crore
ii) Summarised balance sheet		
Total assets	**159.54**	**171.03**
Total liabilities	**214.17**	**230.33**
ii) Contingent liability as at reporting date		
Contingent liability	**13.28**	**13.28**
Capital and other commitment	-	-

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
v) Summarised statement of profit and loss account		
Revenue from operations	**192.37**	227.38
Other income	**2.77**	1.08
Total expenses (including taxes)	**197.28**	215.30

Note 42 Leases - Ind AS 116

1. Impact on transition to Ind AS 116

The Group has made use of the following practical expedients available in its transition to Ind AS 116.

(a) The Group will not reassess whether a contract is or contains a lease. Accordingly, the definition of lease in accordance with Ind AS 17 will continue to be applied to lease contracts entered by the Group or modified by the Group before 1 April 2019.

(b) The Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment. Consequently, the Group has recorded its lease liability using the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right-of- use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of initial application.

(c) The Group excluded the initial direct costs from measurement of the Right-of-use (RoU) asset at the date of initial application.

The weighted average incremental borrowing rate applied to lease liabilities by the Group is in the range of 1.3% to 12.50%.

Right-of-use assets:

The net carrying value of right-of-use assets as at 31 March 2022 amounts to ₹ 217.61 crore (31 March 2021 amounts to ₹ 245.77 crore) have been disclosed on the face of the balance sheet.

Lease liabilities:

(i) As at 31 March 2022, the obligations under leases amounts to ₹ 226.82 crore (31 March 2021 amounts to ₹ 243.68 crore), which have been classified to lease liabilities on the face of balance sheet.

(ii) The following is the movement in lease liabilities:

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Balance at the beginning of the yea	**243.68**	278.40
Additions during the year	**2.16**	1.99
Finance cost accrued during the year	**3.41**	3.41
Payment of lease liabilities	**(19.01)**	(34.72)
Translation difference	**(3.42)**	(5.40)
Balance at the end of the year	**226.82**	243.68

(iii) The table below provides details regarding the contractual maturities (undiscounted) of lease liabilities:

(₹ in crore)

Lease Liabilities	Carrying amount	Contractual cash flows			
		Total	0-1 year	1-5 years	5 years and above
31 March 2022	226.82	268.41	28.73	239.68	-
31 March 2021	243.68	288.36	30.87	257.49	-

2. During the year ended 31 March 2022, the Group recognised the following in the Statement of Profit and Loss:

(i) Depreciation expense from right-of-use assets of ₹ 30.32 crore (31 March 2021 ₹ 31.40 crore) (Refer note 32)

(ii) Finance cost on lease liabilities of ₹ 3.41 crore (31 March 2021 ₹ 3.41 crore) (Refer note 33)

(iii) Rent expense amounting to Nil (31 March 2021 Nil) and ₹ 98.43 crore (31 March 2021 ₹ 65.23 crore) pertaining to leases of low-value assets and leases with less than twelve months of lease term, respectively, have been included under rent expense (Refer note 29).

3. Cash outflow in respect of lease liabilities for the year ended 31 March 2022 amounts to ₹ 19.01 crore (31 March 2021: ₹ 34.72 crore).

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Note 43 Disclosure in accordance with Ind AS 24 Related Party Disclosures

A. Names of related parties and nature of relationship

		Country of incorporation	Group's holding as at (%) 31 March 2022	31 March 2021
a)	**Joint venture**			
	HCC Concession Limited (upto 19 August 2021)	India	- #	85.45
	Narmada Bridge Tollways Limited (upto 19 August 2021)	India	- #	85.45
	Badarpur Faridabad Tollways Limited (upto 19 August 2021)	India	- #	85.45
	Baharampore-Farakka Highways Limited (upto 19 August 2021)	India	- #	85.45
	Farakka-Raiganj Highways Limited (upto 22 September 2022)	India	-	-
	Raiganj-Dalkhola Highways Limited (upto 19 August 2021)	India	- #	86.91
	Werkarena Basel AG (w.e.f 19 September 2019)	Switzerland	50.00	50.00
b)	**Associates**			
	Evostate AG	Switzerland	30.00	30.00
	Evostate Immobilien AG (Subsidiary of Evostate AG)	Switzerland	30.00	30.00
	MCR Managing Corp. Real Estate	Switzerland	30.00	30.00
	Projektentwicklungsges. Parking Kunstmuseum AG **	Switzerland	-	38.64
	Highbar Technocrat Limited	India	49.00	49.00

	Other related parties	**Relationship**
c)	Gulabchand Foundation (formed under section 25 of the erstwhile Companies Act, 1956)	Other related party
	Hincon Holdings Limited	Other related party
	Hincon Finance Limited	Other related party
	Shalaka Investment Private Limited	Other related party
	Aarya Capital Management Private Limited	Other related party
	HCC Employee's Provident Fund	Post-employment contribution plan
	Stiftung der 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	Group Chief Executive Officer and Whole Time Director (upto 22 March 2022) and Vice Chairman and Whole Time Director (w.e.f. 23 March 2022)
Mr. Mukul Sarkar	Nominee Director
Mr. N. R. Acharyulu	Independent Director
Dr. Mita Dixit	Independent Director
Mr. Anil C. Singhvi	Independent Director (upto 23 December 2021)
Mr. Arun Karambelkar	Non-Executive, Non-Independent Director (w.e.f 23 June 2021)
Mr. Mahendra Singh Mehta	Independent Director
Mr. Santosh Janakiram Iyer	Independent Director
Mr. Vithal P. Kulkarni	Company Secretary (upto 12 May 2022)
Mr. Nitesh Jha	Company Secretary (w.e.f 12 May 2022)
Mr. Rahul Rao	Chief Financial Officer (w.e.f August 12, 2021)
Mr. U.V. Phani Kumar	Chief Executive Officer - E&C (upto 23 March 2022)
Mr. Jaspreet Bhullar	Chief Executive Officer (w.e.f March 23, 2022)

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

Refer note 6.2
** Liquidated from December 2021

Hincon House, L.B.S. Road, Vikhroli (W) HINDUSTAN CONSTRUCTION COMPANY LTD. MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Note 43 Disclosure in accordance with Ind AS 24 Related Party Disclosures

B. Nature of Transactions

Transactions with related parties:	**Year ended 31 March 2022 ₹ crore**	Year ended 31 March 2021 ₹ crore
Revenue from operations		
Joint ventures		
- Baharampore Farakka Highways Limited (upto 19 August 2021)	13.28	21.61
- Farakka Raiganj Highways Limited (upto 22 September 2021)	-	13.30
- Werkarena Basel AG	172.66	137.20
	185.94	172.11
Interest expenses on Inter corporate deposit		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	1.43	1.40
	1.43	-
Finance income on corporate guarantees		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	0.69	1.92
	0.69	1.92
Rendering of services		
Joint ventures		
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	0.06
- Farakka Raiganj Highways Limited (upto 22 September 2021)	-	0.03
Associate		
- Highbar Technocrat Limited	0.22	0.56
	0.22	0.65
Reimbursement of expenses		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	0.14	0.75
Associates		
- Highbar Technocrat Limited	0.77	0.45
- Other related parties		
Other related parties		
- Hincon Finance Limited	0.26	0.52
	1.17	1.72
Professional fees		
Associates		
- Highbar Technocrat Limited	3.83	11.89
	3.83	11.89
Other services received		
Other related party		
- Hincon Holding Limited	0.24	0.48
	0.24	0.48

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Inter corporate deposit taken		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	34.36
	-	34.36
Inter corporate deposits given during the year		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	0.52
Associate		
- Evostate AG	2.69	19.91
	2.69	20.43
Inter corporate deposit given by Group, repaid during the year		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	3.60
- Werkarena Basel AG	-	4.78
	-	8.37
Inter corporate deposits repaid		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	10.28
	-	10.28
Remuneration paid / accrued		
Key management personnel		
- Mr. Ajit Gulabchand	7.00	7.00
- Mr. Arjun Dhawan	7.00	6.50
- Mr. Vithal P. Kulkarni	1.16	0.80
- Mr. U. V. Phani Kumar	3.04	2.64
- Mr. Rahul Rao	0.73	-
- Mr. Jaspreet Bhullar	0.31	-
- Mr. Shailesh Sawa	-	0.41
- Mr. Anil Chandani	-	0.36
	19.24	17.71
Directors' sitting fees paid / accrued		
Key management personnel		
- Mr. Sharad M. Kulkarni	-	0.11
- Mr. Anil C. Singhvi	0.10	0.16
- Mr. N. R. Acharyulu	0.16	0.19
- Mr. Samuel Joseph	0.04	-
- Mr. Santosh Jankiram Iyer	0.11	0.11
- Mr. Mahendra Singh Mehta	0.18	0.16
- Mr. Mukul Sarkar	0.05	0.06
- Dr. Mita Dixit	0.11	0.07
	0.75	0.86

Outstanding balances:	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Outstanding receivables		
Trade receivables		
Joint ventures		
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	3.51
- Badarpur Faridabad Tollways Limited (upto 19 August 2021)	-	0.62
- Werkarena Basel AG	16.95	-
Associate		
- Highbar Technocrat Limited	0.35	0.51
	17.30	4.64
Unbilled work-in-progress		
Joint ventures		
- Raiganj Dalkhola Highways Limited (upto 19 August 2021)	-	42.30
	-	42.30
Interest receivable		
Joint venture		
- HCC Concessions Limited (upto 19 August 2021)	-	0.78
	-	0.78

Other receivables		
Joint ventures		
- Badarpur Faridabad Tollways Limited (upto 19 August 2021)	-	0.42
- HCC Concessions Limited (upto 19 August 2021)	-	1.64
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	0.00
- Raiganj Dalkhola Highways Limited (upto 19 August 2021)	-	0.00
Other related parties		
- Hincon Finance Limited	-	1.00
- Hincon Holdings Limited	**0.01**	0.03
	0.01	3.09
Inter corporate deposits		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	16.12
- Werkarena Basel AG	**34.71**	31.37
Associate		
- Evostate AG	**22.61**	19.95
	57.32	67.44

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Outstanding payables		
Advance taken towards sale of investment		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	3.00
	-	3.00
Inter corporate deposits taken		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	24.07
	-	24.07
Other payables		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	0.00
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	58.55
- Raiganj Dalkhola Highways Limited (upto 19 August 2021)	-	89.98
Associates		
- Highbar Technocrat Limited	**1.90**	1.82
Other related parties		
- Hincon Holdings Limited	**0.01** *	0.00
	1.91	150.35
Retention payable		
Associates		
- Highbar Technocrat Limited	**0.72**	0.72
	0.72	0.72

Due to customers		
Joint ventures		
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	61.49
	-	61.49
Interest payable on inter corporate deposits		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	1.29
	-	1.29
Remuneration payable (net)		
Key management personnel		
- Mr. Ajit Gulabchand	**17.39**	11.52
- Mr. Arjun Dhawan	**16.77**	10.51
- Mr. Rahul Rao	**0.10**	-
- Mr. Jaspreet Bhullar	**0.32**	-
- Mr. U. V. Phani Kumar	**0.15**	0.21
- Mr. Vithal P. Kulkarni	**0.08**	0.07
	34.81	22.31
Directors' sitting fees payable		
Key management personnel		
- Mr. N. R. Acharyulu	-	0.01
	-	0.01

* represents amount less than ₹ 1 lakh.

Notes:

(i) The above figure does not include provisional gratuity liability valued by an actuary, as separate figures are not available.

(ii) Refer Note 19 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Holding Company or the related parties.

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

Note 44 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 2022 are as follows:

₹ crore

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value
Assets:					
Investments:					
Investments in equity shares (unquoted)	6, 6A	-	-	16.07	16.07
Investments in equity shares (quoted)	6A	-	-	6.37	6.37
Investments in debentures	6A	-	15.46	-	15.46
Investment in mutual funds (unquoted)	13	-	0.66	-	0.66
Trade receivables	7	4,613.04	-	-	4,613.04
Loans	8	57.32	-	-	57.32
Other financial assets	9	326.90	-	-	326.90
Cash and cash equivalents	14	720.97	-	-	720.97
Bank balances other than cash and cash equivalents	15	821.42	-	-	821.42
Liabilities:					
Borrowings (including current maturities of long-term debts)	19	4,918.38	-	-	4,918.38
Trade payables	22	3,106.34	-	-	3,106.34
Lease liabilities		226.82	-	-	226.82
Other financial liabilities	20	3,435.86	-	-	3,435.86

The carrying value and fair value of financial instruments by categories as at 31 March 2021 were as follows:

₹ crore

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value
Assets:					
Investments:					
Investments in equity shares (unquoted)	6, 6A	-	-	8.70	8.70
Investments in equity shares (quoted)	6, 6A	-	-	6.41	6.41
Investment in mutual funds (unquoted)	13	-	0.15	-	0.15
Trade receivables	7	4,501.79	-	-	4,501.79
Loans	8	67.44	-	-	67.44
Others financial assets	9	128.80	-	-	128.80
Cash and cash equivalents	14	642.13	-	-	642.13
Other bank balances	15	619.49	-	-	619.49
Liabilities:					
Borrowings (including current maturities of long-term debts)	19	4,533.21	-	-	4,533.21
Trade payables	22	3,047.42	-	-	3,047.42
Lease liabilities		243.68	-	-	243.68
Other financial liabilities	20	2,802.28	-	-	2,802.28

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 2022			31 March 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments in equity shares (quoted)	6.37	-	-	6.41	-	-
Investments in equity shares (unquoted)	-	15.29	0.78	-	7.98	0.72
Investments in debentures (unquoted)	-	15.46	-	-	-	-
Investment in mutual funds (unquoted)	-	0.66	-	-	0.15	-

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

Note 45 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks. market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

i Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

a Interest rate risk

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit/ (loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Increase in basis points	100 basis points	
Reduction in profit/ increase in loss	21.81	17.57
Decrease in basis points	100 basis points	
Increase in profit/ reduction of loss	(21.81)	(17.57)

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 2022

₹ in crore

Particulars	USD	EUR	SEK	CHF	SGD	CAD
Assets						
Advance to suppliers	0.75	6.62	0.40	-	-	1.20
Trade receivables	0.25	15.71	-	324.99	-	-
Bank balances (including deposit accounts)	0.30	0.08	-	972.76	-	-
Other financial assets	-	-	-	49.03	-	-
Unbilled work-in-progress (contract assets)	-	9.10	-	1,337.21	-	-
	1.30	31.51	0.40	2,683.99	-	1.20
Liabilities						
Borrowings	340.26	-	-	151.70	-	-
Advance from contractee	-	52.60	-	-	-	-
Trade payables	20.74	19.51	0.08	1,244.35	0.14	-
Interest accrued	41.74	-	-	-	-	-
	402.74	72.11	0.08	1,396.05	0.14	-
Net assets / (liabilities)	**(401.44)**	**(40.60)**	**0.32**	**1,287.94**	**(0.14)**	**1.20**

The following table analyses foreign currency risk from financial instruments as at 31 March 2021.

₹ in crore

Particulars	USD	EUR	SEK	CHF	AUD
Assets					
Advance to suppliers	0.73	10.23	0.91	-	-
Trade receivables	0.73	15.35	-	96.05	-
Bank balances (including deposit accounts)	0.67	0.14	-	934.86	-
Unbilled work-in-progress (contract assets)	-	12.79	-	1,556.71	-
	2.13	38.51	0.91	2,587.62	-
Liabilities					
Borrowings	328.88	-	-	38.65	-
Advance from contractee	0.74	54.17	-	-	-
Trade payables	18.64	24.46	0.26	1,335.10	0.26
Interest accrued	31.07	-	-	-	-
	379.33	78.63	0.26	1,373.75	0.26
Net assets / (liabilities)	**(377.20)**	**(40.12)**	**0.65**	**1,213.87**	**(0.26)**

Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31 March, 2021 : 5%) would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Favourable movement	50 basis points	
Increase	42.36	39.85
Unfavourable movement	50 basis points	
Decrease	(42.36)	(39.85)

WALKER CHANDIOK & CO LLP * PUNE * CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

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 2022, the exposure to listed equity securities including mutual fund at fair value was ₹ 6.37 crore (31 March 2021: ₹ 6.40 crore). A movement (decrease / increase) of 10% in the value of listed securities could have an impact of approximately ₹ 0.64 crore on the Other Comprehensive Income or equity attributable to owners of parent. These changes would not have a material effect on the profit or loss of the Group

ii Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. The maximum exposure of the financial assets are contributed by trade receivables and bank balances other than cash and cash equivalents

a Trade receivable

Trade receivables are typically unsecured and are derived from revenue earned from two main classes of trade receivables i.e. receivables from government promoted agencies and receivables from private parties. A substantial portion of the Group's trade receivables are from government promoted agencies having strong credit worthiness where the Holding Company does not have a history of credit losses, except during the previous year where the Holding Company entered into one-time settlements with a customer in order to realise monies urgently to tie up its cashflow deficit for its operations which was exceptional in nature and not expected to be recurring in nature. Further, even with respect to private parties, given the credit profile of the customers, there are no history of material credit losses. Accordingly, expected credit loss from trade receivables, if any, are not expected to be material

	As at 31 March 2022 ₹ crore	%	As at 31 March 2021 ₹ crore	%
Trade receivable				
- from government / government promoted agencies	3,841.69	83.28	3,903.23	86.70
- from private parties	771.35	16.72	598.56	13.30
Total trade receivables ^	4,613.04	100.00	4,501.79	100.00

^ includes balances classified assets of a disposal group held for sale and liabilities of a disposal group held for sale

b Financial assets other than trade receivables

Financial assets other than trade receivables comprise of cash and cash equivalents, bank balances other than cash and cash equivalents, loan to employees and other financial assets. The Group monitors the credit exposure on these financial assets on a case-to-case basis. Based on the Group's historical experience, the credit risk on other financial assets is also low.

The Group is engaged in business segments viz. Engineering and Construction, Infrastructure, Real Estate and Others.

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Revenue from external customers:		
India	4,722.20	2,633.28
Outside India	5,947.53	5,615.14
Total revenue from operations	10,669.73	8,248.42

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Revenue from top customer	803.10	288.07
Revenue from top five customers	2,399.95	1,327.14

For the year ended 31 March 2022, Nil (31 March 2021: Nil) customer, individually, accounted for more than 10% of the revenue from operation.

c Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings

iii Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

₹ crore

Particulars	Less than 1 year #	1 - 5 years	More than 5 years	Total
As at 31 March 2022				
Borrowings (including current maturities of long-term debts and interest accrued)	3,876.02	1,992.38	53.55	5,921.95
Trade payables	2,734.59	331.91	-	3,066.50
Other financial liabilities	830.44	718.46	-	1,548.89
Total	7,441.05	3,042.75	53.55	10,537.34
As at 31 March 2021				
Borrowings (including current maturities of long-term debts and interest accrued)	3,674.99	1,983.19	369.25	6,027.43
Trade payables	2,749.43	298.12	-	3,047.55
Other financial liabilities	788.63	821.49	-	1,610.12
Total	7,213.05	3,102.80	369.25	10,685.10

includes loan repayable on demand

Note 46 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the owners holders of the parent. The Group strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt (excluding interest accrued) divided by total capital.

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Total debt (₹ crore)	4,240.22	4,533.21
Total equity (₹ crore)	(784.64)	(1,317.59)
Total debt to equity ratio (Gearing ratio)	(5.40)	(3.44)

^ includes ₹ 2,448.94 crore representing balance classified under Liabilities of a disposal group held for sale (Refer note 24).

In the long run, the Group's strategy is to maintain a gearing ratio closer to 1.50.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) ★ MUMBAI-83 ★

Note 47 Interest in Other Entities

47.1 Subsidiaries

The Group's subsidiaries as at 31 March 2022 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 2022	31 March 2021	31 March 2022	31 March 2021	
Steiner AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner (Deutschland) GmbH	Germany	100.00	100.00	-	-	Engineering and construction
VM + ST AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Leman SAS	France	100.00	100.00	-	-	Engineering and construction
Steiner India Limited	India	100.00	100.00	-	-	Engineering and construction
Manufakt8048 AG	Switzerland	100.00	100.00	-	-	Engineering and construction
HCC Construction Limited	India	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Infrastructure Company Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
HCC Concessions Limited	India	100.00 #	-	-	-	Infrastructure - Concessionaries services
Baharampore-Farakka Highways Limited	India	100.00 #	-	-	-	Infrastructure - Toll Management
Narmada Bridge Tollway Ltd	India	100.00 #	-	-	-	Infrastructure - Toll Management
Raiganj-Dalkhola Highways Limited	India	100.00 #	-	-	-	Infrastructure - Toll Management
Badarpur Faridabad Tollway Ltd	India	100.00 #	-	-	-	Infrastructure - Toll Management
HCC Operation and Maintenance Limited	India	100.00	100.00	-	-	Infrastructure - Operation and Maintenance of Road
Dhule Palesner Operations & Maintenance Limited	India	100.00	100.00	-	-	Infrastructure - Operation and Maintenance of Road
HCC Power Limited	India	100.00	100.00	-	-	Infrastructure - Power Development
HCC Energy Limited	India	100.00	100.00	-	-	Infrastructure - Power Development
HREL Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
Panchkutir Developers Limited	India	100.00	100.00	-	-	Real Estate Development
HRL (Thane) Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
HRL Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Nashik Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Maan Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Powai Real Estate Developer Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Realty Limited	India	100.00	100.00	-	-	Real Estate Development
Western Securities Limited	India	97.87	97.87	2.13	2.13	Others - Insurance auxiliary services
Highbar Technologies Limited	India	100.00	100.00	-	-	Others - Information Technology
HCC Aviation Limited	India	100.00	100.00	-	-	Others - Aircraft services
Prolific Resolution Private Limited (w.e.f 8 March 2021)	India	100.00	100.00	-	-	Others - Services of recovering, assessing Managing claim, awards etc

^ including through subsidiary companies

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

Refer note 6.2

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

47.2 Non-controlling interest (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	
	31 March 2022	31 March 2021
NCI percentage	**2.13%**	**2.13%**
Summarised balance sheet		
Current assets (A)	0.56	1.29
Non-current assets (B)	2.48	1.89
Current liabilities (C)	0.69	0.55
Non-current liabilities (D)	0.15	0.59
Net assets (A+B-C-D)	**2.20**	**2.04**
Net assets attributable to NCI	0.05	0.04
Summarised statement of profit and loss		
Revenue from operations	0.15	0.31
Profit/(loss) for the year	**0.12**	**0.38**
Other comprehensive income/(loss)	0.03	0.02
Total comprehensive income	**0.15**	**0.40**
Profit/(loss) allocated to NCI	0.00 *	0.01
OCI allocated to NCI	0.00 *	0.00 *
Total comprehensive income allocated to NCI	**0.00** *	**0.01**
Summarised cash flows		
Cash flow from operating activities	(0.15)	(0.10)
Cash flow from investing activities	(0.61)	(0.56)
Cash flow from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	**(0.76)**	**(0.66)**

* Represents amount less than ₹ 1 lakh

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

47.3 Interest in associates and joint ventures

₹ crore

	Note	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021
Interest in associates	See (A) below	20.47	17.05
Interest in joint ventures	See (B) below	0.00 *	385.86
		20.47	402.91

(A) Interest in associates

The Group's associates as at 31 March 2022 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 2022	Carrying amount as at ^ 31 March 2021	Principal activities
Evostate AG	Switzerland	30.00	3.66	2.42	Real estate development
MCR Managing Corporate Real Estate AG	Switzerland	30.00	0.84	1.29	Real estate development
Highbar Technocrat Limited	India	49.00	15.97	13.34	IT services
			20.47	17.05	
Less: Impairment allowance			-	-	
Total			20.47	17.05	

^ Unlisted entity - no quoted price available

Refer note 47.4 for the summarised financial information of associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil.

(B) Interest in joint ventures

The Group's joint ventures as at 31 March 2022 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 2022	Carrying amount as at ^ 31 March 2021	Principal activities
HCC Concessions Limited	India	100.00 ^^	- ^^	385.86	Concessionaries services
Baharampore-Farakka Highways Limited	India	100.00 ^^	- ^^	0.00 *	Toll management
Farakka-Raiganj Highways Limited	India	100.00 ^^	- #	- #	Toll management
Raiganj-Dalkhola Highways Limited	India	100.00 ^^	- ^^	-	Toll management
Werkarena Basel AG	Switzerland	50.00	0.00 *	0.00 *	Real Estate Development
			0.00	385.86	

* Represents amount less than ₹ 1 lakh.
^ Unlisted entity - no quoted price available
^^ Ceases to be joint venture effective 19 August 2021.
# Ceases to be joint venture effective 22 September 2020.

Refer Note 47.5 for the table below provide summarised financial information of joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant joint ventures and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in joint ventures is as below:

₹ crore

	As at 31 March 2022	As at 31 March 2021
Contingent liability		
Claims not acknowledged as debts by the Joint ventures	- #	526.41
Income Tax liability in appeals	- #	6.85
Sales Tax Liability in appeals	- #	10.44
Corporate guarantees given to banks	- #	437.28
Counter indemnities given to banks in respect of contracts executed by subsidiaries of the Joint ventures*	- #	64.09
The Joint ventures have not made provision for cumulative dividend payable excluding dividend distribution tax, towards 0.001% cumulative convertible preference shares, in absence of distributable profits.	- #	0.03

* Pledge of unencumbered equity shares of the BFHL held by HCC Infrastructure Company Limited (to the extent of proportionate amount of bank guarantee furnished)

Provident Fund

Based on the judgement by the Honorable Supreme Court dated 28 February 2019, past provident fund liability, is not determinable at present, in view of uncertainty on the applicability of the judgement to the Joint ventures with respect to timing and the components of its compensation structure. In absence of further clarification, the Joint ventures have been advised to await further developments in this matter to reasonably assess the implications on its financial statements, if any.

	As at 31 March 2022	As at 31 March 2021
Commitments		
Other capital commitment (net of advances)	- #	261.87

Ceases to be joint venture effective 19 August 2021. Refer note 6.2

Hindustan Construction Company Ltd. Hincon House, L.B.S. Road, Vikhroli (W) Mumbai-83

Walker Chandiok & Co LLP Pune Chartered Accountants

Note 47.4 Table below provide summarised financial information for associates

₹ crore

Particulars	MCR Managing Corporate Real Estate AG		Highbar Technocrat Limited		Evostate AG	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021	**31 March 2022**	31 March 2021
Summarised Balance Sheet						
Current assets (A)	3.24	6.17	57.36	49.38	181.95	65.74
Non-current assets (B)	-	-	8.15	9.11	0.81	13.94
Current liabilities (C)	0.41	1.90	32.04	30.00	166.97	66.25
Non-current liabilities (D)	-	-	0.94	1.34	-	-
Net assets (A+B-C-D)	**2.83**	**4.27**	**32.53**	**27.15**	**15.79**	**13.43**
Summarised Statement of Profit and Loss						
Revenue	-	0.19	104.88	101.20	96.44	-
Profit/(loss) for the year (A)	(1.61)	0.04	5.58	6.28	2.24	(0.10)
Other comprehensive income (B)	-	-	(0.20)	0.16	-	-
Total comprehensive income (A+B)	**(1.61)**	**0.04**	**5.38**	**6.44**	**2.24**	**(0.10)**

' Represents amount less than ` 1 lakh

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Note 47.5 Table below provide summarised financial information for joint ventures:

₹ crore

Particulars	Raiganj-Dalkhola Highways Limited		Baharampore-Farakka Highways Limited		Farakka-Raiganj Highways Limited	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021	**31 March 2022**	31 March 2021
Summarised Balance Sheet						
Cash and cash equivalents	-^^	0.07	-^^	23.73	-^	-^
Other assets	-^^	267.42	-^^	446.56	-^	-^
Current assets (A)	-^^	**267.49**	-^^	**470.29**	-^	-^
Non-current assets (B)	-^^	**0.53**	-^^	**777.13**	-^	-^
Financial liabilities (excluding trade and other payable and provision)	-^^	126.00	-^^	95.17	-^	-^
Other liabilities	-^^	0.01	-^^	113.43	-^	-^
Current liabilities (C)	-^^	**126.01**	-^^	**208.60**	-^	-^
Financial liabilities (excluding trade and other payable and provision)	-^^	67.75	-^^	679.39	-^	-^
Other liabilities	-^^	-	-^^	67.93	-^	-^
Non-current liabilities (D)	-^^	**67.75**	-^^	**747.32**	-^	-^
Net assets (A+B-C-D)	-^^	**74.26**	-^^	**291.50**	-^	-^
	For the period 1 April 2021 to 20 August 2021 ^^	**For the year ended 31 March 2021**	**For the period 1 April 2021 to 20 August 2021 ^^**	**For the year ended 31 March 2021**	**For the year ended 31 March 2022**	**For the period 1 April 2020 to 22 September 2020**
Summarised Statement of Profit and Loss						
Revenue (A)	-	-	**63.53**	**362.64**	-^	**74.08**
Construction cost	-	-	3.90	-	-^	
Depreciation and amortization	-	-	17.27	32.94	-^	**24.51**
Finance Cost	7.05	15.39	25.86	52.28	-^	161.88
Other Expenses	0.01	0.46	14.65	106.04	-^	38.91
Total Expenses (B)	**7.06**	**15.85**	**61.68**	**191.26**	-^	**225.30**
Profit before tax (C=A-B)	**(7.06)**	**(15.85)**	**1.84**	**171.38**	-^	**(151.22)**
Tax Expense (D)	-	-	0.33	29.50	-^	-
Profit for the year (E=C-D)	**(7.06)**	**(15.85)**	**1.51**	**141.88**	-^	**(151.22)**
Other Comprehensive Income (F)	-	-	-	-	-^	-
Total comprehensive income (G=E+F)	**(7.06)**	**(15.85)**	**1.51**	**141.88**	-^	**(151.22)**

^ Ceases to be a joint venture effective 22 September 2020
^^ Ceases to be a joint venture effective 20 August 2021 - Refer note 6.2.

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Particulars	HCC Concessions Limited		Werkarena Basel AG	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
Summarised Balance Sheet				
Cash and cash equivalents	-^^	55.61	4.32	1.83
Other assets	-^^	538.39	375.84	210.08
Current assets (A)	-^^	**594.00**	**380.16**	**211.91**
Non-current assets (B)	-^^	**1,218.35**	-	-
Financial liabilities (excluding trade and other payable and provision)	-^^	246.67	0.47	1.15
Other liabilities	-^^	118.21	235.85	-
Current liabilities (C)	-^^	**364.88**	**236.32**	**1.15**
Financial liabilities (excluding trade and other payable and provision)	-^^	758.74	-	125.49
Other liabilities	-^^	68.34	138.86	-
Non-current liabilities (D)	-^^	**827.08**	**138.86**	**125.49**
Net assets (A+B-C-D)	-^^	**620.39**	**4.98**	**85.27**
Summarised Statement of Profit and Loss				
Revenue (A)	**80.89**	**491.70**	**0.47**	-
Employee benefit expenses			-	-
Depreciation and amortization	17.29	33.02	-	-
Finance Cost	33.58	89.54	4.49	2.10
Other Expenses	20.41	125.00	2.35	1.30
Total Expenses (B)	**71.28**	**247.56**	**6.84**	**3.39**
Profit/ (Loss) before Exceptional items (C=A-B)	**9.61**	**244.14**	**(6.36)**	**(3.40)**
Exceptional items (D)	354.54	**(108.07)**	-	-
Tax Expense (E)	104.93	28.56		
Profit for the year from continued business (F=C-D-E)	**259.22**	**107.51**	**(6.36)**	**(3.40)**
Loss from discontinued business (G)	-	**(33.20)**	-	-
Profit for the year (H=F+G)	**259.22**	**74.31**	**(6.36)**	**(3.40)**
Other Comprehensive Income (I)	-	(0.15)	-	-
Total comprehensive income (J=H+I)	**259.22**	**74.16**	**(6.36)**	**(3.40)**

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * PUNE

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83

Note 48 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

₹ crore

Name of the entity	Country of incorporation	% of voting power as at 31 March 2022	Net assets / (liabilities) i.e. total assets minus total liabilities		Share in profit / (loss) [including discontinued operation]		Share in other comprehensive income		Share in total comprehensive income / (loss)	
			As % of consolidated net assets / (liabilities)	Amount (₹ crore)	As % of consolidated profit / (loss)	Amount (₹ crore)	As % of consolidated other comprehensive income	Amount (₹ crore)	As % of consolidated total comprehensive income	Amount (₹ crore)
Hindustan Construction Company Limited	India	-	61.28%	468.33	-39.53%	(153.10)	10.46%	7.86	-31.41%	(145.24)
Subsidiaries										
Indian										
HCC Real Estate Limited	India	100%	-70.17%	(536.30)	0.81%	3.15	-	-	0.68%	3.15
HCC Infrastructure Company Limited	India	100%	7.49%	57.22	60.52%	234.40	-	0.00 *	50.69%	234.41
HCC Construction Limited	India	100%	0.00%	0.00	0.00%	(0.00) *	-	-	0.00%	(0.00)
Panchkutir Developers Limited	India	100%	5.49%	41.97	0.00%	(0.01)	-	-	0.00%	(0.01)
Maan Township Developers Limited	India	100%	-1.48%	(11.33)	0.00%	(0.01)	-	-	0.00%	(0.01)
HRL Township Developers Limited	India	100%	-0.07%	(0.54)	0.00%	(0.00) *	-	-	0.00%	(0.00)
Western Securities Limited	India	97.87%	0.29%	2.20	0.03%	0.11	0.05%	0.04	0.03%	0.15
Highbar Technologies Limited	India	100%	0.33%	2.55	0.20%	0.77	0.20%	0.15	0.20%	0.92
Prolific Resolution Private Limited	India	100%	0.00%^	(0.03)	0.00%^	(0.03)	0.00%^	0.00*	0.00%^	(0.03)
Foreign										
Steiner AG	Switzerland	100%	108.85%	831.88	80.51%	311.84	94.70%	71.16	82.82%	383.00
HCC Mauritius Enterprises Limited	Mauritius	100%	-8.22%	(62.81)	-2.49%	(9.66)	-3.92%	(2.94)	-2.73%	(12.61)
HCC Mauritius Investments Limited	Mauritius	100%	-3.78%	(28.86)	-0.04%	(0.15)	-1.48%	(1.11)	-0.27%	(1.25)
TOTAL			**100.00%**	**764.28**	**100.00%**	**387.31**	**100.00%**	**75.15**	**100.00%**	**462.46**
a) Adjustments arising out of consolidation				(1,548.92)		12.25		9.92		22.17
b) Non-controlling interest in subsidiaries				0.00*		(0.00)*		(0.00)*		(0.00)*
TOTAL				(784.64)		399.56		85.07		484.63

* Represents amount less than ₹ 1 lakh

Note 49 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 45(ii) for information on revenue from major customers.

The Group's operations predominantly relate to 'Engineering and Construction', 'Infrastructure' and 'Real Estate'. 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 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Segment revenue		
Engineering and construction	10,621.73	8,212.11
Infrastructure	54.07	35.11
Real estate	0.07	-
Others	5.01	10.53
Less: Inter segment revenue	(11.15)	(9.33)
Revenue from continuing operations	10,669.73	8,248.42
Revenue from discontinued operations	249.12	-
Total revenue from total operation	10,918.85	8,248.42
Segment results		
Engineering and construction	1,141.22	313.14
Infrastructure	26.16	10.91
Real estate	(0.08)	(0.12)
Others	(1.92)	(1.48)
Less: Unallocable expenditure (net of unallocable income)	(989.44)	(981.21)
Profit / (loss) before exceptional items, share of profit / (loss) of associates and joint ventures and tax from continuing operations	175.94	(658.76)
Exceptional items		
- Engineering and construction	-	(274.03)
- Infrastructure	106.10	-
Profit / (loss) before share of profit/ (loss) of associates and joint ventures and tax from continuing operations	282.04	(932.79)
Profit/ (loss) before tax from discontinued operations (Refer note 12)	(7.02)	-
Profit/ (loss) before tax from total operations	275.02	(932.79)

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Segment assets		
- Engineering and construction	11,928.66	11,356.88
- Infrastructure	234.03	47.12
- Real estate	41.63	39.28
- Others	19.40	22.41
- Unallocable assets	895.74	1,315.14
Assets from continuing operations	13,119.46	12,780.83
Assets from discontinued operations	1,076.54	-
Total assets from continuing and discontinued operations	14,196.00	12,780.83
Segment liabilities		
- Engineering and construction	10,317.25	7,731.86
- Infrastructure	419.66	273.36
- Real estate	56.95	56.88
- Others	4.14	7.06
- Unallocable liabilities	3,357.57	6,029.26
Liabilities from continuing operations	14,155.57	14,098.42
Liabilities from discontinued operations	825.07	-
Total liabilities from continuing and discontinued operations	14,980.64	14,098.42

The Holding Company is domiciled in India. The amount of its assets broken down by location is shown in the below table:

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Asset		
- In India	10,291.21	8,886.54
- Outside India	3,904.79	3,894.29
	14,196.00	12,780.83

Notes:

(i) Segment asset excludes current and non-current investments, deferred tax assets and income tax assets, which is included under unallocable assets.

(ii) Segment liabilities excludes borrowings, current maturities of long term debts, deferred tax liability, accrued interest and non-controlling interests, which is included under unallocable liabilities.

CHANDIOK & CO LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Hincon House, L.B.S. Road, Vikhroli (W) MUMBAI-83.

Note 50 Business Combination

a) Summary of acquisition

HCC Infrastructure Company Limited ('HICL') held a 85.45% stake in HCC Concessions Limited ('HCL') and the balance 14.55% was held by Xander Investment Holding XXVI Limited ('Xander'). Based on the contractually agreed sharing of control for HCL, the entity was classified as a Joint Venture of the Group. During the current year, pursuant to the Securities Purchase Agreement entered between Xander Investment Holding XXVI Limited ('Xander') and the Holding Company along with other group entities, Xander's shareholding (14.55%) in HCL has been completely bought back. Consequent to the buy back, effective the acquisition date i.e. 20 August 2021, HCL (including its subsidiaries) ceases to be joint venture of the Group and becomes a wholly owned subsidiary.

The fair value as of the acquisition date for each major class of assets acquired and liabilities assumed:

Particulars	₹ in crore
Property plant and equipment	1.23
Investment property	0.41
Other intangible assets	713.12
Intangible assets under development	38.79
Investments	15.46
Loans	190.07
Other financial assets	186.20
Deferred tax assets	0.53
Income tax assets (net)	14.23
Other assets	234.91
Trade Receivables	73.60
Cash and cash equivalents	418.38
Borrowings	(734.35)
Other financial liabilities	(243.02)
Provisions	(124.45)
Trade payables	(14.18)
Current tax liabilities	(95.08)
Other current liabilities	(13.95)
Fair value of identifiable net assets acquired	**661.90**

At the acquisition date, the Group remeasured at fair value its previously held equity interest in HCL and the resultant gain of ₹ 46.61 crore has been recognised in other comprehensive income.

The aforementioned accounting for business combination has been carried out on a provisional basis and adjustments to the amounts of the assets/ liabilities recognised as at acquisition date, if any, will be retrospectively adjusted during the measurement period.

Revenue and Profit contribution

(a) The acquired business (including discontinued operations) contributed to the Group's revenue from operation to the tune of ₹ 214.34 crore and incurred loss before tax of ₹ 45.25 crore to the group for the period 21 August 2021 to 31 March 2022.

(b) Revenue and net profit after tax of the combined entity for the current year would have been ₹ 10,740.06 crore and ₹ 525.00 crore, respectively, as though the acquisition date for the aforementioned business combination occurred as of the beginning of the current year.

Note 51 Other Disclosures

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
(ii) The Group do not have any transactions with companies struck off.
(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year,
(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961,

(viii) None of the Group entities have been declared wilful defaulter by any bank or financial institution or government or any government authority.
(ix) The Group has complied with the number of layers prescribed under the Companies Act, 2013.

Note 52 * represents amount less than ₹ 1 lakh.

Note 53 Figures for the previous year have been regrouped/ rearranged, wherever considered necessary, to confirm to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 efffective 1 April 2021.

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the period ended 31 March 2022

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & CO LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

ACCOUNTING RATIOS

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results included in the section entitled "*Financial Statements*" on page 106.

(₹ in crore, except for percentages and per share data)

Particulars	As at and for the six months period ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Basic EPS (₹)*	0.33	(0.19)	3.72
Diluted EPS (₹)*	0.33	(0.19)	3.72
Return on Net Worth (%)*	(7.18%)	3.69%	(80.52%)
Net Asset Value per Equity Share (₹)	(4.59)	(4.98)	(4.62)
EBITDA	549.99	576.71	1,187.81

* *Not annualized for six months period ended September 30, 2023*

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit / (Loss) for the period/year from total operations / Number of weighted average equity shares
Diluted EPS	Profit / (Loss) for the period/year from total operations / Number of weighted average equity shares adjusted for potential equity shares
Return on Net Worth	Profit / (Loss) for the period/year from total operations / Net Worth
Net Asset Value per Equity Share	Net Worth / Number of equity shares
EBITDA	Earning from continuing operations before tax expense, exceptional items, finance costs, depreciation and amortisation, other income and share of net profit of Associates and Joint Venture

(a) Calculation of Return on Net Worth

(₹ in crore, except for percentage)

Particulars	As at and for the six months period ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Profit/(loss) for the period/year from continuing operations (A)	49.97	(26.59)	571.74
Profit/(loss) for the period/year from discontinued operations (B)	(0.04)	(1.25)	(9.00)
Equity Share capital (C)	151.31	151.31	151.31
Other equity (including non-controlling interest) (D)	(806.72)	(865.69)	(810.45)
Capital Reserve (E)	39.70	39.70	39.70
Net Worth (F) = [C +D - E]	(695.11)	(754.08)	(698.84)
Return on Net Worth [(A+B))/ F] * 100 (%)	(7.18%)	3.69%	(80.52%)

(b) Calculation of Net Worth and Net Asset Value per Equity Share

(₹ in crore, except per share data)

Particulars	As at and for the six months period ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Equity Share capital (A)	151.31	151.31	151.31
Other equity (including non-controlling interest) (B)	(806.72)	(865.69)	(810.45)
Capital Reserve (C)	39.70	39.70	39.70
Net Worth (D) [A + B - C]	(695.11)	(754.08)	(698.84)
No. of Equity shares subscribed and fully paid outstanding (E)	1,51,29,76,244	1,51,29,76,244	1,51,29,76,244
Net Asset Value per Equity Share [D / (E/10^7)] (₹)	(4.59)	(4.98)	(4.62)

(c) Details of EBITDA

(₹ in crore, except per share data)

Particulars	As at and for the six months period ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Profit/ (Loss) for the period/year from continuing operations (A)	49.97	(26.59)	571.74
Tax expense / (credit) (B)	5.40	(62.49)	65.52
Finance costs (C)	502.24	1,012.31	1,036.26
Depreciation and amortisation expense (D)	56.76	128.55	138.34
Other Income (E)	54.91	55.74	158.20
Exceptional items – gain (F)	1.53	409.74	460.64
Share of net profit of associates and joint ventures (net) (G)	7.94	9.59	5.21
EBITDA (H)= [A+B+C+D-E-F-G]	**549.99**	**576.71**	**1,187.81**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the "Financial Statements" beginning on page 106.

Some of the information contained in the following discussion and analysis, including information with respect to our plans and strategies, contains certain forward-looking statements that involve risks and uncertainties. You should also read "Risk Factors" and "Forward Looking Statements" beginning on pages 17 and 13, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our financial statements included in this Draft Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards like IFRS and U.S. GAAP. Our Financial Year ends on March 31 of each year. Accordingly, all references to a particular Financial Year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Financial Year 2023 and Financial Year 2022 included herein is based on the Audited Consolidated Financial Statements and the financial information included herein for the six months period ended September 30, 2023 and six months period ended September 30, 2022, is based on the Unaudited Consolidated Financial Results included in this Draft Letter of Offer. For further information, see "Financial Statements" beginning on page 106.

Unless otherwise indicated, industry and market data used in this section has been derived from the CARE Report For further information, see "Presentation of Financial and Other Information – Market and Industry Data" beginning on page 11.

OVERVIEW

We are one of the key engineering and construction companies in India, engaged in construction activities which include roads, bridges, ports, railway tunnels, metro projects, power stations, water supply and irrigation projects, and one of the oldest infrastructure development companies in India (*Source: CARE Report*). Over the last nine decades, we have transformed from a construction company into a global and diversified infrastructure group. We conduct our business operations primarily through three verticals, namely, (i) engineering and construction; (ii) infrastructure development; and (iii) real estate construction, as a single operating segment of engineering and construction. While the engineering and construction business is undertaken directly by our Company, the remaining business verticals are undertaken by our Subsidiaries.

We have executed numerous complex infrastructure projects in challenging geographical locations and environments, across India. Over the years we have built requisite pre-qualification skills and demonstrated execution capabilities required in the infrastructure development of the country having completed various projects ranging from high quality roads and railway tunnels in Jammu and Kashmir to nuclear power plants in Rajasthan in addition to various metro stations, hydropower projects, water solutions, buildings, dams and bridges.

We adhere to various quality standards such as ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 for quality, environmental and occupational health and safety management systems, which provides an assurance to our clients on the quality of the projects executed by us. We have adopted an integrated management system ("**IMS**") with the above ISO certifications which facilitates our operational efficiency by integrating our organisation's systems into one complete framework.

We have a robust clientele comprising various Central Government and State Government agencies such as the National Highway Authority of India ("**NHAI**"), National Hydroelectric Project Corporation ("**NHPC**"), IRCON International Limited ("**IRCON**"), Ministry of Road Transport and Highways ("**MoRTH**"), Tehri Hydro Development Corporation India Limited ("**THDCIL**"), Nuclear Power Corporation of India Limited ("**NPCIL**"), Government of Andhra Pradesh (Public Works Department) ("**GoAP-PWD**") and Delhi Metro Rail Corporation Limited ("**DMRC**'). As of September 30, 2023, majority of our Order Book comprised projects undertaken with the Central Government, State Government or other government undertakings.

<u>*Details of our projects*</u>

As of September 30, 2023, we have a total order book of ₹12,344 crore on a standalone basis and an order book of ₹16,467 crore on a consolidated basis. As of September 30, 2023, the breakdown of our Order Book for engineering and construction vertical and the real estate construction vertical, is provided below:

Vertical	Amount of Order Book (in crore)	Percentage of Order Book
Hydropower projects	3,316	20.14%
Transportation	6,077	36.90%
Water supply and irrigation	2,157	13.10%
Nuclear power and special projects	794	4.82%
Real estate construction	4,123	25.04%
TOTAL	**16,467**	**100%**

In the last five financial years and till the six months ended September 30, 2023, we have completed 14 projects across the engineering and construction and infrastructure development verticals with a cumulative executed value of ₹6,360.99 crore.

In 2018, our Hon'ble Prime Minister, Mr. Narendra Modi inaugurated the Kishanganga hydroelectric project commissioned between us and NHPC in Jammu and Kashmir and the Bogibeel rail-cum-road bridge project commissioned between us and the Northeast Frontier Railway in the state of Assam. In the year 2019, our Hon'ble Defence Minister, Mr. Rajnath Singh inaugurated the new Aircraft Carrier Dry Dock at the Naval Dockyard, Mumbai, which was constructed by our Company and was the largest dry dock of the Indian Navy measuring a mammoth 281 meters in length, 45 meters in breadth and 17 meters in depth.

Engineering and Construction

Our Company primarily handles the engineering and construction vertical of our business ("**E&C**"). The E&C business provides services based on item-rated contracts and/or lump sum turnkey projects. Our focus is to enter into large-scale and complex construction projects across diverse sectors such as transportation, nuclear power and special projects, hydropower and water supply and irrigation. Working across diverse sectors has enabled and will enable us to undertake construction and development of varied projects including dams, tunnel, bridges, hydro, nuclear and thermal power plants, expressways and roads, marine works, water supply and irrigation systems and industrial buildings across India. For example, our strategic bidding of over ₹5,700 crore across various sectors in the Financial Year 2023, helped us secure a contract worth ₹3,681 crore during the Financial Year 2023 (along with one of our joint venture partners) for the construction of the Bandra-Kurla Complex station of the 508.17 km long Mumbai-Ahmedabad High-Speed Rail.

We boast a large and sophisticated fleet of complex and advanced construction equipment, which provides us with the industrial bandwidth to meet majority of the requirements of our ongoing projects. As of September 30, 2023, we maintained a fleet of 1,604 major construction equipment (such as 45 hydraulic drilling rigs, hot mix plants, 8 tunnel loading machines amongst others) worth ₹198.98 crore, that enabled us to undertake multiple projects simultaneously without having to compromise on the quality in any of the ongoing projects such as Vishnugad Pipalkoti hydropower project and Tehri pumped storage in Uttarakhand, Mumbai metro – Line 3 – UGC02, Nikachhu hydroelectric power plant in Bhutan, Bhabha Atomic Research Centre nuclear project in Tarapur, Maharashtra, Imphal road project in Manipur and FRFCF nuclear project in Tamil Nadu.

We have four primary verticals within the E&C business:

Transport – We have built around 4,036 kilometres of roads and over 395 bridges across the country and are also involved in construction of railway and metro rail projects. As of September 30, 2023, our Order Book of the transportation vertical was ₹6,077 crore. Some of our key completed projects, include the Bandra-Worli sea link in Mumbai, Maharashtra, Pir Panjal tunnel between Qazigund in the Kashmir valley and Banihal in the Jammu region, more than 100 kilometre four-lane road in Lucknow Muzaffarpur region and the rail-cum-road bridge at Bogibeel in Assam. Additionally, some of our key ongoing projects, include *inter alia* the Anji Khad cable stay railway bridge in Jammu and Kashmir, Mumbai metro – Line 3 – UGC02 in Maharashtra and T49 and T13 tunnels in Jammu and Kashmir and the coastal road project in Mumbai, Maharashtra.

Hydropower – Our Company is one of the leading companies in construction and execution of hydro power projects in India. Over the years, our Company has executed various challenging projects across India resulting into significant pre-qualification capabilities, which has enabled our Company to offer a wide gamut of services in the hydro power vertical. As of September 30, 2023, our Order Book in the hydropower vertical stood at ₹3,316 crore. Some of our key completed projects, include the Chutak and Nimoo Bazgo hydroelectric projects and the recently completed, Kishanganga hydropower project in Jammu and Kashmir, which has been one of the most challenging projects of our Company. Additionally, some of our key ongoing projects, include *inter alia*, the Punatsangchhu hydroelectric project in Bhutan, Vishnugad Pipalkoti hydropower project, Tehri pumped storage and Tapovan Vishnugad hydropower project projects in Uttarakhand.

Nuclear Power and special projects – Our Company is one of the leading companies in construction of nuclear power generation projects in India and has contributed to around 60% of India's nuclear power generation capacity (*Source: CARE Report*).Our Company specializes in pre-stressed containment structures for reactor buildings, breakwater structure and intake works for cooling systems and is also gearing up to provide integrated solutions in the nuclear power sector as well. As of September 30, 2023, our Order Book in the nuclear and special projects vertical was ₹794 crore. Some of our key completed projects, include the Kudankulam nuclear power plant in Tamil Nadu, Rajasthan atomic power plant – Unit 1 to 6 and the Kakrapara atomic power plant in Gujarat. Additionally, some of our key ongoing projects, include *inter alia* construction of nuclear reactors in the Rajasthan atomic power plant – Unit 7 and 8, construction of buildings and allied facilities in Tamil Nadu and integrated nuclear recycle plant of Bhabha Atomic Research Centre ("**BARC**") at Tarapur, Maharashtra.

Water supply and irrigation – We believe that we have the potential to efficiently execute water treatment plants, sewage treatment plants, pipelines, large lift irrigation projects and tunnelling contracts in the irrigation sector. As of September 30, 2023, the Order Book in the water supply and irrigation vertical was ₹2,157 crore. Some of our key completed projects, include *inter alia* the Farakka bridge in West Bengal, Saurashtra branch canal in Gujarat and Godavari lift irrigation scheme in Telangana. Additionally, some of our key ongoing projects, include the Bistan lift irrigation project in the Khargone region in Madhya Pradesh, Pranahita Chevella project in Telangana and Parwan gravity dam project in Rajasthan.

Infrastructure Development

HCC Infrastructure Company Limited ("**HICL**"), a wholly owned subsidiary of our Company, handles the investment and development of infrastructure projects. With its expertise in concept innovation, risk analytics, construction and operations, HICL undertakes various road projects through public private partnerships ("**PPP**") under the Build, Operate and Transfer Model ("**BOT**").

The following are some of the projects executed by HICL under the BOT Model:

Project	Name of Client/special purpose vehicle	Location
Baharampore Farakka Highway (NH34 – 101 km)	Baharampore Raiganj Highways Ltd.	West Bengal
Farakka- Raiganj Highway (NH34 – 102 km)	Farraka Raiganj Highways Ltd.	West Bengal
Badarpur Faridabad Elevated Expressway (NH2 – 4.4 km)	NHAI	Delhi
Dhule Palesnar Tollway (NH3 – 89 km)	Dhule Palesnar Tollway Ltd.	Maharashtra
Nirmal Annuity (NH7 – 30 km)	Nirmal BOT Ltd.	Andhra Pradesh

HICL undertakes its business and primarily operates through its subsidiaries, namely, HCC Operations and Maintenance Limited, Badapur Faridabad Tollway, Raiganj-Dalkhola Highways Limited and Narmada Bridge Tollway Limited. Few of our key completed projects include the Nirmal Annuity BOT Project (part of National Highway 7) in Andhra Pradesh, the Badarpur Faridabad Elevated Expressway (part of National Highway 2) in the Delhi NCR region and the Dhule Palesnar Tollway(part of National Highway 3) connecting Agra and Mumbai. We are also involved in the construction of the Baharampore Farakka Highway (part of National Highway 34) and Farakka-Raiganj Highway (part of National Highway 34) in West Bengal where we have sold our entire stake in these projects to Cube Highways and Infrastructure V Pte. Ltd. and Cube Highways and Infrastructure II Pte. Ltd., respectively. We are currently engaged as an EPC contractor by Baharampore Farakka Highway Limited (part of National Highway 34) to complete its construction.

Real Estate construction

Steiner AG, which operates out of Switzerland, is engaged in the development, execution and utilization of real estate and construction projects, the management, leasing and placement of real estate, the planning and execution of new and rebuilding, in particular, as total or general services contractor on account of third parties, in the field of project management as well as the consulting and assistance in development, environmental and financial matters.

Our Company strategized the acquisition of Steiner AG with an aim to leverage Steiner AG's experience and technological competency in the construction sector in Switzerland.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review and may continue to affect our results of operations and financial condition in the future.

1. ***Government policies, macro-economic environment and sector performance***

Our business is substantially dependent on projects in India undertaken or awarded by Central Government and State Government agencies. We derive a significant portion of our revenue from infrastructure projects under our engineering and construction vertical, which are in large part dependent on budgetary allocations by governmental authorities, participation from multilateral agency sponsored developments and public bodies, and access to private sector funding. In the event of any adverse change in such budgetary allocations, delays in the award of infrastructure projects or a downturn in available work in the infrastructure sector leading to changes in government policies and priorities, our business prospects and financial condition may be adversely affected. Further, such adverse changes may also lead to our contracts being cancelled, restructured or renegotiated. These could adversely affect our financing arrangements, capital expenditure, revenues, development or cash flows relating to our existing projects, as well as our ability to participate in competitive bidding.

Macroeconomic factors in India relating to the infrastructure sector will have a significant impact on our prospects and results of operations. Overall economic growth in manufacturing, services and logistics sectors will lead to demand for better transportation facilities, which would entail demand for construction, upgradation, and maintenance of modes of transportation in India. Other macroeconomic factors like global GDP growth, Indian foreign investment regulations, oil prices and financial stability may impact the economic environment of India and the policies of the government with respect to the infrastructure sector. A change in policies and economic conditions resulting from a change in government may also impact our business.

2. ***Funding and interest rate fluctuations***

Due to the capital-intensive nature of the infrastructure sector, our projects require high levels of debt financing and as a result, we have incurred substantial indebtedness from our lenders. For details, see *"Financial Statements"* beginning on page 106. We expect that we will continue to rely on borrowings, including term loans, working capital facilities and non-convertible debentures, to fund our projects and operations. Further, we also rely significantly on working capital to finance the purchase of our materials and equipment. An impact on the availability of such funding could affect our business, financial condition and results of operations.

Our cost of funding also depends on interest rate movements and the existence of adequate liquidity in the debt markets. Fluctuations in interest rates will have a material impact on our expenses. While lower interest rates may enable us to incur additional indebtedness at relatively lower costs, higher interest rates would increase our borrowing costs and overall expenses, thereby having an impact on our financial condition and profitability.

3. ***Terms of contracts and operational uncertainty***

We rely on construction contracts awarded by our clients for our revenues. In certain cases, particularly for contracts awarded by government authorities pursuant to tenders, we have limited ability to negotiate the terms of such contracts and may be required to perform additional work on a project that is beyond the stated scope of the contract or agree upon terms that are not completely favourable to us. Any variation and renegotiation of such contracts may lead to delays in execution and implementation of the projects, which may lead to additional costs associated with cost increases in construction material and equipment. Further, in certain contracts, we may be required to execute modified work orders as directed by the client which may not be agreed upon at the time of execution of the contract. This process may result in disputes and may result in delayed or inadequate payments. If we do not achieve expected turnover, margins or suffers losses on one or more of these contracts, this could reduce our total income or cause us to incur losses.

Given the nature of our business, managing operating costs and efficiencies are critical to maintaining our competitiveness and profitability. Our projects are subject to additional operating costs, including due to changes in the scope of work and increased or altered timelines on account of the nature, complexity, and length of the projects. Our ability to reduce our operating costs in line with client demand is subject to risks and uncertainties, as our costs depend, in part, on external factors beyond our control. Further, we are also subject to operational uncertainties that can affect our results of operations, such as the availability of skilled manpower, delay in receiving payments from clients, invocation of clauses on penalty or liquidated damages, undue termination of contracts and disputes with clients and customers, as applicable.

4. ***Subcontracting expenses, raw materials and labour costs***

Subcontracting expenses constitutes a significant portion of our total expenses, aggregating to 65.57% of our total expenses for the Financial Year 2023.

Our subcontracting expenses for the six months period ended September 30, 2023 and September 30, 2022 and for Financial Year 2023 and Financial Year 2022 was ₹2,195.95 crore, ₹3,140.25 crore, ₹6,833.08 crore and ₹7,112.79 crore, respectively, representing 57.58%, 66.00%, 68.94% and 65.70%, of our total income respectively.

Our costs of materials consumed for the six months period ended September 30, 2023 and September 30, 2022 and for the Financial Year 2023 and Financial Year 2022 were ₹415.93 crore, ₹492.24 crore, ₹1,009.64 crore and ₹865.06 crore, respectively, representing 10.91%, 10.35%, 10.19% and 7.99%, of our total income respectively.

In some of our key business operations, we rely on third parties for the timely supply of specified raw materials, equipment and maintenance services. We are also required to sometimes work with suppliers who are designated by our clients. 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. Further, the prices for these raw materials can be volatile and depend on several factors, including general economic conditions, competition, production levels, transportation costs and import duties. Fluctuations in these prices may also impact the prices of the equipment and components required by us for our business. We may not be able to pass all of our raw material price increases to our customers or to the suppliers. For further information, please see "*Risk Factors – Internal Risk Factors – 10. 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*" on page 23.

5. ***Bidding and execution capabilities and competition***

In order to bid for higher value projects, we are often required to meet certain pre-qualification criteria based on technical capability and performance, reputation for quality, safety record, financial strength and experience in similar projects. In selecting contractors for major projects, customers or government authorities generally limit the tender to contractors they have pre-qualified based on these criteria, making pre-qualification key to our securing larger or marquee projects. In addition, our ability to strategically partner with other companies also determines our success in bidding for and being granted such large projects.

We face significant competition for the award of projects from a large number of infrastructure and EPC companies who also operate in the same regional markets as us. Our competition depends on various factors, such as the type of project, total contract value, potential margins, complexity, location of the project and risks relating to revenue generation. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards. Competition from other infrastructure and EPC companies may impact our ability to successfully bid for projects at price levels which would generate desired returns for us.

6. ***Locations, seasonality and weather conditions***

Our business operations are dependent on the location where the project to be executed, is situated, the weather conditions there which could include factors such as heavy rains, landslides, floods including during the monsoon season, each of which may restrict our ability to carry on construction activities and fully utilize our resources during the season. Our ability to transport the required manpower and machinery to such locations is also critical to our timely completion of the projects. During periods of curtailed activity due to adverse weather conditions, particularly unseasonal rains, we may continue to incur overhead and financing expenses, but our revenues from operations may be delayed or reduced. Weather conditions may also require us to evacuate personnel or curtail services, may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations, and may prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity.

SIGNIFICANT ACCOUNTING POLICIES

Key accounting policies that are relevant and specific to our business and operations are described below:

1. ***Basis of Preparation***

Our financial statements have been prepared to comply in all material respects with the Indian Accounting Standards ("**Ind AS**") as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by SEBI to the extent applicable.

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

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

The balance sheet and the statement of profit and loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013. The statement of cash flow has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows. The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in the Schedule III to the Companies Act, 2013, are presented by way of notes forming part of the financial statements along with other notes required to be disclosed under the notified Ind AS and the Securities LODR Regulations, as amended.

2. ***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 Companies Act, 2013. Operating cycle is the time between the acquisition of resources / assets for processing their realisation in cash and cash equivalents. Operating cycle for the business activities of the Company covers the duration of the project / contract / service including the defect liability period, wherever applicable, and extends up to the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

3. **Principles of consolidation**

The financial statements have been prepared on the following basis:

a. ***Subsidiaries***

The consolidated financial statements incorporate the financial statements of the Company and its Subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Company is treated as subsidiary. The Company together with its Subsidiaries constitute the 'Group'. Control exists when the Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company, directly or indirectly, obtains control over the subsidiary and ceases when the Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company, directly or indirectly, gains control until the date when the Company, directly or indirectly, ceases to control the subsidiary.

The consolidated financial statements of the Group combine financial statements of the Company and its Subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of Subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Company's standalone financial statements.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests and have been shown separately in the financial statements.

Non-controlling interest represents that part of the total comprehensive income and net assets of Subsidiaries attributable to interests which are not owned, directly or indirectly, by the Company.

The gains/losses in respect of part divestment/ dilution of stake in Subsidiaries not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Company.

The gains/ losses in respect of divestment of stake resulting in ceding of control in subsidiaries are recognised in the statement of profit and loss. the investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the statement of profit and loss as on the date the control is ceded. such retained interest is subsequently accounted as an associate or a joint venture or a financial asset.

b. ***Investments in joint venture and associates***

When the Group has with other parties joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises such interests as associates. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint venture and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever applicable. An investment in associate or joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture or associate. Gain or loss in respect of changes in other equity of joint ventures or associates resulting in dilution of stake in the joint ventures and associates is recognised in the statement of profit and loss. on acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. the excess of fair value of assets and liabilities over the investment is recognised directly in equity as capital reserve. the unrealised profits/ losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

c. ***Interests in joint operations***

In accordance with Ind AS 111 - Joint Arrangements, when the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Company and its Subsidiaries are combined for consolidation.

d. ***Business combination / Goodwill on consolidation***

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired business; and
- Acquisition-date fair value of any previous equity interest in the acquired business over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

4. 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.

5. Key accounting estimates and assumptions

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

a. *Going concern*

The Group in earlier years has incurred significant losses resulting in full erosion of net worth. Further, the Company was also in default on payment to its lenders and also had overdue payments to operational creditors of which certain creditors also applied before NCLT for debt resolution under Insolvency and Bankruptcy Code, 2016, none of which were admitted. During the Financial Year 2023, the Company has successfully novated specified debt of lenders aggregating ₹2,855.69 crore to Prolific Resolution Private Limited, a wholly owned Subsidiary of the Group, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹2,894.11 crore in favour of PRPL. Consequently, the Company is not in default in repayment of dues to its lenders as at March 31, 2023.

Based on the above and considering the future business plans, including time-bound monetization of assets, the management has prepared the future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern.

b. *Variable consideration (Claims)*

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

c. *Deferred tax assets*

The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

Based on the projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

d. ***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

e. ***Leases***

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease required significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group revises the lease term if there is a change in non-cancellable period of a lease.

f. ***Provisions and contingent liabilities***

A provision is recognised when the Group has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

6. Fair value measurement

The Group measures financial instruments, at fair value at each balance sheet date.

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

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

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

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

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

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

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

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

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

8. Capital work-in-progress

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

9. Investment property

Investment properties are held to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined on an annual evaluation based on the reckoner value with the main inputs being comparable transactions and industry data.

Depreciation on investment properties (building) is provided on the straight-line method, computed on the basis of useful lives as prescribed in Schedule II to the Companies Act, 2013 i.e. 60 years. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year and the effect of any change in the estimates of useful lives/residual value is accounted on prospective basis.

10. Intangible assets

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

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

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as Consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

11. Non-current assets or disposal group held for sale

Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

12. Depreciation and amortisation

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives. The useful lives are as per Schedule II to the Companies Act, 2013, except in case of certain assets, where the useful life is based on technical evaluation by management.

Assets	Estimated useful life (in years)
Buildings and sheds	3 - 60
Leasehold improvements	As per the period of lease or estimated useful life determined by management's expert, whichever is lower.
Plant and Equipment	2 - 14
Furniture fixtures and office equipment	5 - 10
Vehicles	3 – 12
Speed boat	13
Computers	3
Intangible assets	3-5

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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

Depreciation on additions is provided on a pro-rata basis, from the date on which asset is ready to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income or Other expenses.

13. 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 and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

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

- Financial assets measured at fair value through other comprehensive income –

  - Financial assets are measured at fair value through other comprehensive income ("**FVOCI**") if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit and loss.

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

- Financial assets measured at fair value through profit or loss ("**FVTPL**") - Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("**ECL**") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. after all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

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

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

De-recognition of financial assets

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

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

b. ***Equity instruments and financial liabilities***

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

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

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

- Financial liabilities at FVPL - Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

- Financial liabilities at amortised cost –

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

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

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

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

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

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

- 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.

14. 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 an actuarial valuation, similar to that of gratuity benefit. However, as the Company does not have an unconditional right to defer settlement for these obligations, the above liabilities are presented as current. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the statement of profit and loss in the period in which they occur.

d. ***Short-term benefits***

Employee benefits such as salaries, wages, bonus, incentive etc. falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the service.

15. Contract assets

Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in-progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

16. Contract liabilities

Certification in excess of contract revenue are classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

17. Inventories

a. ***Construction materials, stores, spares and fuel***

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Revenue from sale of scrap material is presented as reduction from cost of materials consumed in the Statement of Profit and Loss.

b. ***Land and development rights***

Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of construction costs and net selling price.

c. ***Project work in progress***

Land and construction / development expenses are accumulated under "Project work-in-progress" and the same are valued at lower of cost or net realizable value.

Cost of land purchased / acquired by the Group includes purchase / acquisition price plus stamp duty and registration charges.

Construction / development expenditure includes cost of development rights, all direct and indirect expenditure incurred on development of land/ construction, attributable interest and financial charges and overheads relating to site management and administration less incidental revenues arising from site operations.

18. 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.

19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Group as one segment of "Engineering and Construction".

Thus, as defined in Ind AS 108 "Operating Segments", the Group's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the balance sheet and the s tatement of profit and loss.

20. 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.

21. Foreign exchange translation of foreign projects and accounting of foreign exchange transaction

a. ***Initial recognition***

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

b. ***Conversion***

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

c. ***Treatment of exchange difference***

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the statement of profit and loss.

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

d. ***Translation of foreign operations***

The Group presents the consolidated financial statements in INR. For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

22. 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.

23. Revenue recognition

a. ***Revenue from construction contracts***

The Group evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met -

- As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity's performance
- The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party and is adjusted for variable considerations.

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

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgment. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Group presents revenues net of indirect taxes in its statement of profit and loss.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in statement of profit and loss immediately in the period in which such costs are incurred.

b. ***Software development and servicing revenue***

Revenue from software development on fixed price, fixed time frame contracts, including system development and integration contracts, where there is no uncertainty as to measurement or collectability is recognized as per percentage of completion method. Revenue from last billing date to the balance sheet date is recognized as unbilled revenue. Stage of completion is measured by reference to the proportion that service cost incurred for work performed to date bears to the estimated total service cost. Service cost incurred to date excludes costs that relate to future activity on the contract. Such costs are recognized as an asset and are classified as unbilled revenue as due from customers.

Servicing revenue is recognized over the term of servicing contract. For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

Time and material contracts is recognized as and when the related services are provided.

Annual maintenance service contracts are recognized proportionately over the period in which services are rendered.

Revenue from sale of user licenses for software applications is recognized on transfer of the title/ product, in accordance with the sales contract. Revenue from product sales are shown as net of all applicable taxes and discounts.

c. ***Interest on arbitration awards***

Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Company has received or expects to receive on favourable arbitration awards.

d. ***Fair valuation gain on subsequent measurement of financial assets***

The Group recognizes the changes in the fair value of the financial assets held through profit and loss account in the statement of profit and loss. At each reporting date the entity carries out fair value assessment of the financial assets in accordance with the principles laid down in Ind AS 113 – Fair Value Measurement through a registered valuer and on the basis of the fair valuation report recognizes the accretion to the carrying value of the Financial Assets held through profit and loss account in its other operating income.

24. Other income

a. ***Interest income***

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

b. ***Dividend income***

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

c. ***Other income***

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

d. ***Rental income***

Rent is recognised on time proportionate basis.

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.

25. Income tax

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

a. ***Current tax***

Current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Group as at March 31, 2023 continues to follow the Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

b. ***Deferred tax***

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in Subsidiaries and associates, except to the extent that both of the following conditions are satisfied –

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future

In assessing the recoverability of deferred tax assets, the Group relies on the forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

26. Leases

The Group's lease asset classes primarily consist of leases for vehicles, building and shed. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

At the date of the commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets have been separately presented in the balance sheet and the lease liability is presented under Other financial liabilities. Further, lease payments have been classified as financing cash flows.

27. Impairment of non-financial assets

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

Recoverable amount is determined –

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

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

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

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

28. Trade receivables

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

29. Trade payables

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

30. Earnings per share

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

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

31. Provisions, contingent liabilities and contingent assets

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

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

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

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

32. 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.

33. Treasury shares

Treasury shares represents own equity instruments reacquired by the Company or other members of the Consolidated Group, which are deducted from the equity of the acquiring entity. Treasury shares held is disclosed separately in the financial statements.

34. Share issue expenses

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

35. Share based payments

Share based compensated benefits are provided to certain grades of employees in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the instrument given to employees is recognised as ‘employee benefits expenses’ with a corresponding increase in equity over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

36. 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.

37. Dividend

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

38. *Recent Accounting Pronouncements*

Ministry of Corporate Affairs ("**MCA**") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

a. *Ind AS 1 - Presentation of Financial Statements*

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group does not expect any significant impact of the amendment on its financial statements.

b. *Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption or this amendment is annual periods beginning on or after April 1, 2023. The Group does not expect any significant impact of the amendment on its financial statements.

c. *Ind AS 109 - Financial Instruments*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Company does not expect any significant impact of the amendment on its financial statements.

d. *Ind AS 12 - Income Taxes*

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group does not expect any significant impact of the amendment on its financial statements.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain items from our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results, in each case also stated as a percentage of our total income:

	For the six months ended				**For the Financial Year**			
	September 30, 2023*		**September 30, 2022**		**2023**		**2022**	
	(₹ in crore)	**(% of Total Income)**	**(₹ in crore)**	**(% of Total Income)**	**(₹ in crore)**	**(% of Total Income)**	**(₹ in crore)**	**(% of Total Income)**
Continuing Operations								
Income								
Revenue from operations	3,759.11	98.56	4,727.70	99.36	9,856.59	99.44	10,668.26	98.54
Other Income	54.91	1.44	30.36	0.64	55.74	0.56	158.20	1.46
Total Income	**3,814.02**	100.00	**4,758.06**	100.00	**9,912.33**	**100.00**	**10,826.46**	**100.00**
Expenses								
Cost of materials consumed	415.93	10.91	492.24	10.35	1,009.64	10.19	865.06	7.99
Subcontracting expenses	2,195.95	57.58	3,140.25	66.00	6,833.08	68.94	7,112.79	65.70
Changes in inventories	(2.94)	(0.08)	7.18	0.15	(11.04)	(0.11)	(17.14)	(0.16)
Employee benefits expense	317.90	8.34	424.71	8.93	836.67	8.44	933.53	8.62
Finance costs	502.24	13.17	510.69	10.73	1,012.31	10.21	1,036.26	9.57
Depreciation and amortisation expense	56.76	1.49	64.22	1.35	128.55	1.30	138.34	1.28
Other expenses	282.28	7.40	282.51	5.94	611.53	6.17	586.21	5.41
Total Expenses	**3,768.12**	98.80	**4,921.80**	103.44	**10,420.74**	**105.13**	**10,655.05**	**98.42**
Profit/ Loss before share of profit of associates/ joint ventures, exceptional items and tax	45.90	1.20	(163.75)	(3.44)	(508.41)	(5.13)	171.41	1.58

	For the six months ended				For the Financial Year			
	September 30, 2023*		September 30, 2022		2023		2022	
	(₹ in crore)	(% of Total Income)	(₹ in crore)	(% of Total Income)	(₹ in crore)	(% of Total Income)	(₹ in crore)	(% of Total Income)
Share of profit of associates/ joint ventures (net)	7.94	0.21	2.09	0.04	9.59	0.10	5.21	0.05
Exceptional items – Gain	1.53	0.04	223.30	4.69	409.74	4.13	460.64	4.25
Profit/ Loss before tax	55.37	1.45	61.64	1.30	(89.08)	(0.90)	637.26	5.89
Tax expense/ (credit)								
Current tax	3.23	0.08	9.84	0.21	8.30	0.08	25.78	0.24
Deferred tax	2.17	0.06	10.61	0.22	(70.79)	(0.71)	39.74	0.37
Total tax expense / (credit)	5.40	0.14	20.45	0.43	(62.49)	(0.63)	65.52	0.61
Profit / (loss) for the year from continuing operations (A)	**49.97**	1.31	**41.19**	0.87	**(26.59)**	**(0.27)**	**571.74**	**5.28**
Discontinued Operations								
Profit / (loss) before tax from discontinued operations	4.54	0.12	(1.02)	(0.02)	(1.08)	(0.01)	4.07	0.04
Tax expense of discontinued operations	4.58	0.12			0.17	0.00	13.07	0.12
Loss from discontinued operations (after tax) (B)	(0.04)	0.0	(1.02)	(0.02)	**(1.25)**	**(0.01)**	**(9.00)**	**(0.08)**
Net profit / (loss) for the year from total operation (A) + (B)	49.93	1.31	40.17	0.84	**(27.84)**	**(0.28)**	**562.74**	**5.20**
Other comprehensive income / (loss)								
(a) Items that will not be reclassified to profit or loss (net of tax)								
- Gain/ (Loss) on remeasurement of defined benefit plans	0.96	0.03	0.87	0.02	(20.23)	(0.20)	82.49	0.76
- Gain on fair value of equity instruments	12.98	0.34	(2.69)	(0.06)	0.53	0.01	7.09	0.07
(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)								
- Translation loss relating to foreign operations	(4.90)	(0.13)	9.15	0.19	(6.06)	(0.06)	(4.51)	(0.04)
Total other comprehensive income / (loss) for the year, net of tax (C)	9.04	0.24	7.33	0.15	(25.76)	(0.26)	85.07	0.79
Total comprehensive income / (loss) for the year, net of tax (A+B+C)	**58.97**	1.55	**47.50**	1.00	**(53.60)**	**(0.54)**	**647.81**	**5.98**

During the six months ended September 30, 2023, Steiner AG entered into an arrangement for sale of its 100% shareholding in Steiner Construction SA as a result of which Steiner Construction SA has been presented as discontinued operations under the head 'Non-current Assets Held for Sale and Discontinued Operations' in the financial statements in accordance with IND AS 105.

Six months period ended September 30, 2023 compared to six months period ended September 30, 2022

Total income. Total income decreased by 19.84% to ₹3,814.02 crore for the six months period ended September 30, 2023 from ₹4,758.06 crore for the six months period ended September 30, 2022, primarily due to the following reasons.

Revenue from operations. Revenue from operations decreased by 20.49% to ₹3,759.11 crore for the six months period ended September 30, 2023 from ₹4,727.70 crore for the six months period ended September 30, 2022, primarily due to the following reasons:

- On account of the proposed sale of Steiner Construction SA, a Material Subsidiary, it was considered as an 'asset held for sale' and consequently treated as 'discontinued operations' in the unaudited consolidated financial results as at and for the period ended September 30, 2023, in accordance with IND-AS 105; and

- the reduction in '*revenue from operations*' due to the impact of the proposed sale of Steiner Construction SA as elaborated in the preceding paragraphs was partially offset by new projects awarded to our Company such as the Chennai metro and Rail Vikas Nigam Limited pkg 69 as well as completion of certain portions of our ongoing projects such as Bhadbut barrage in Gujarat, Mumbai metro – Line 3 – pkg 2 project, Tehri pumped storage in Uttarakhand and coastal road project in Mumbai, Maharashtra.

Other income. Other income increased by 80.86% to ₹54.91 crore for the six months period ended September 30, 2023 from ₹30.36 crore for the six months period ended September 30, 2022, primarily due to one-time settlement of debt resulting in waiver of interest as well as an increase in miscellaneous income.

Total expenses. Total expenses decreased by 23.44% to ₹3,768.12 crore for the six months period ended September 30, 2023 from ₹4,921.80 crore for the six months period ended September 30, 2022, primarily due to reasons given below for individual heads of expenses.

Cost of materials consumed. Cost of materials consumed decreased by 15.50% to ₹415.93 crore for the six months period ended September 30, 2023 from ₹492.24 crore for the six months period ended September 30, 2022, primarily due to decrease in the costs incurred towards various consumables such as *inter alia* stores & spares and reinforcement.

Subcontracting expenses. Subcontracting expenses decreased by 30.07% to ₹2195.95 crore for the six months period ended September 30, 2023 from ₹3,140.25 crore for the six months period ended September 30, 2022, due to reduction in '*revenue from operations*' primarily due to the proposed sale of Steiner Construction SA as elaborated in the preceding paragraphs.

Changes in inventories. Changes in inventories decreased by 140.95% to ₹(2.94) crore for the six months period ended September 30, 2023 from ₹7.18 crore for the six months period ended September 30, 2022, primarily due to routine movement of materials which is not significant.

Employee benefits expense. Employee benefits expense decreased by 25.15% to ₹317.90 crore for the six months period ended September 30, 2023 from ₹424.71 crore for the six months period ended September 30, 2022, primarily due to annual increment given to our employees in addition to the impact of the proposed sale of Steiner Construction SA as elaborated in the preceding paragraphs.

Finance costs. Finance costs decreased by 1.65% to ₹502.24 crore for the six months period ended September 30, 2023, from ₹510.69 crore for the six months period ended September 30, 2022, primarily due to repayment made towards loans availed by us, which also resulted in a reduction of costs incurred towards interest payment on such loans.

Depreciation and amortisation expense. Depreciation and amortisation expense decreased by 11.62% to ₹56.76 crore for the six months period ended September 30, 2023 from ₹64.22 crore for the six months period ended September 30, 2022, primarily due to completion of the life span of few of our assets such as *inter alia* earth movers, TBM's and hydraulic drilling rigs.

Other expenses. Other expenses decreased by 0.08% to ₹282.28 crore for the six months period ended September 30, 2023 from ₹282.51 crore for the six months period ended September 30, 2022, primarily due to impact of rising inflation rates on fixed costs.

Profit/ loss for the period from continuing operations. As a result of the foregoing, profit for the period from continuing operations attributable to the shareholders of our Company increased by 21.32% to ₹49.97 crore for the six months period ended September 30, 2023 from ₹41.19 crore for the six months period ended September 30, 2022.

Financial Year 2023 compared to Financial Year 2022

Total income. Total income decreased by 8.44% to ₹9,912.33 crore for the Financial Year 2023 from ₹10,826.46 crore for the Financial Year 2022, primarily due to the following reasons.

Revenue from operations. Revenue from operations decreased by 7.61% to ₹9,856.59 crore for the Financial Year 2023 from ₹10,668.26 crore for the Financial Year 2022, primarily due to:

- subdued performance of Steiner AG on account of:
    - challenging business concerns and consequent liquidity constraints pursuant to rising inflation rates; and
    - ongoing impact of the COVID-19 pandemic and Russia-Ukraine war on the suppliers of raw materials and overall inflation.
- Further, our revenue from operations was also affected due to rising interest rates on account of global tightening of monetary policy by all central banks and the temporary reluctance of investors in the real estate market in Switzerland.

Other income. Other income decreased by 64.77% to ₹55.74 crore for the Financial Year 2023 from ₹158.20 crore for the Financial Year 2022, primarily due to a decrease in interest income of our Company and decrease in miscellaneous income of Steiner AG.

Total expenses. Total expenses decreased by 2.20% to ₹10,420.74 crore for the Financial Year 2023 from ₹10,655.05 crore for the Financial Year 2022, primarily due to reasons given below for individual heads of expenses.

Cost of materials consumed. Cost of materials consumed increased by 16.71% to ₹1,009.64 crore for the Financial Year 2023 from ₹865.06 crore for the Financial Year 2022, due to increase in expenses related to our Indian operations, where due to an increase our revenue from operations on a standalone basis as explained above, there was a corresponding increase in the costs incurred towards various consumables such as stores & spares, high tensile steel and ready mix concrete procured for our ongoing projects.

Subcontracting expenses. Subcontracting expenses decreased by 3.93% to ₹6,833.08 crore for the Financial Year 2023 from ₹7,112.79 crore for the Financial Year 2022, primarily due to a decrease in revenue from operations by 7.61% in Financial Year 2023 as compared to Financial Year 2022.

Changes in inventories. Changes in inventories increased by 35.59% to ₹(11.04) crore for the Financial Year 2023 from ₹(17.14) crore for the Financial Year 2022, primarily due to routine movement of materials which is not significant.

Employee benefits expense. Employee benefits expense decreased by 10.38% to ₹836.67 crore for the Financial Year 2023 from ₹933.53 crore for the Financial Year 2022, primarily due to a significant reduction in our foreign operations, which is also evidenced by the reduction in revenue from operations pursuant to subdued performance of Steiner AG.

Finance costs. Finance costs decreased by 2.31% to ₹1,012.31 crore for the Financial Year 2023 from ₹1,036.26 crore for the Financial Year 2022, primarily due to repayment made towards loans availed by us, which also resulted in a reduction of costs incurred towards interest payment on such loans.

Depreciation and amortisation expense. Depreciation and amortisation expense decreased by 7.08% to ₹128.55 crore for the Financial Year 2023 from ₹138.34 crore for the Financial Year 2022, due to completion of the life span of few of our assets such as *inter alia* earth movers, TBM's and hydraulic drilling rigs.

Other expenses. Other expenses increased by 4.32% to ₹611.53 crore for the Financial Year 2023 from ₹586.21 crore for the Financial Year 2022, primarily due to increase in power, fuel and water and professional fees.

Profit/ (loss) for the year from continuing operations. As a result of the foregoing, loss for the year from continuing operations attributable to the shareholders of our Company was at ₹26.59 crore for the Financial Year 2023 from gain of ₹571.74 crore for the Financial Year 2022.

FINANCIAL CONDITION

Assets

Our consolidated assets and liabilities are set out below as on the dates specified:

(₹ in crore)

Particulars	As on		
	September 30, 2023#	**March 31, 2023**	**March 31, 2022**
ASSETS			
Non-current assets			
Property, Plant and Equipment	324.29	358.09	436.23
Right of use assets	158.43	186.80	217.61

Particulars	As on		
	September 30, 2023#	March 31, 2023	March 31, 2022
Capital work-in-progress	0.12	0.12	0.68
Investment property	3.41	2.84	2.79
Goodwill	3.38	3.38	3.38
Other Intangible Assets	63.83	72.10	62.54
Investments in associates and joint ventures	87.67	59.66	20.47
Financial Assets			
Other Investment	32.10	19.11	37.90
Trade Receivables	937.18	670.12	235.75
Loans	20.83	42.26	57.32
Other Financial assets	8.34	3,118.45	18.09
Deferred tax assets (net)	779.85	782.02	742.68
Non-current tax assets (net)	126.13	117.46	121.54
Unbilled work-in-progress (contract assets)			24.56
Other non-current financial assets	117.91	117.56	67.90
Total non-current assets	**2,663.47**	**5,549.97**	**2,049.45**
Current assets			
Inventories	464.00	490.52	484.84
Financial assets			
Investments	0.18	0.70	0.66
Trade Receivables	1,740.56	2,180.68	2,090.96
Cash and cash equivalents	366.12	581.91	720.97
Bank balances (other than cash and cash equivalents)	224.34	571.63	821.42
Other financial assets	140.67	96.93	93.42
Unbilled work-in-progress (contract assets)	3,776.76	3,442.44	3,921.48
Other current assets	266.30	262.96	322.98
	6,978.93	**7,627.77**	**8,456.73**
Assets held for sale	691.14	2.19	3,719.00
Total current assets	**7,670.07**	**7,629.96**	**12,175.73**
TOTAL ASSETS	**10,333.54**	**13,179.93**	**14,225.18**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	151.31	151.31	151.31
Other Equity	(806.72)	(865.69)	(810.45)
Equity attributable to owners of the parent	**(655.41)**	**(714.38)**	**(659.14)**
Non-controlling interest	0.00*	0.00*	0.00*
Total Equity	**(655.41)**	**(714.38)**	**(659.14)**
Liabilities			
Non-current Liabilities			
Financial Liabilities			
Borrowings	1,968.13	4,851.11	1,178.47
Lease Liabilities	159.08	185.70	197.67
Other financial liabilities	1,588.19	1,708.73	1,554.89
Provisions	112.29	126.68	111.96
Deferred tax liabilities (net)			31.45
Total non-current liabilities	**3,827.69**	**6,872.22**	**3,074.44**
Current liabilities			
Financial Liabilities			
Borrowings	430.57	443.41	612.71
Lease liabilities	25.18	31.35	29.15
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	120.81	134.67	80.00
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,284.50	2,856.54	2,978.54
Other financial liabilities	926.91	856.67	1,417.02
Other current liabilities	1,873.49	2,088.53	2,444.91
Current tax liabilities	10.53	8.97	1.24
Provisions	499.04	601.94	479.20
	6,171.03	**7,022.08**	**8,042.77**
Liabilities held for sale	990.23		3,767.11
Total current liabilities	**7,161.26**	**7,022.08**	**11,809.88**
TOTAL EQUITY AND LIABILITIES	**10,333.54**	**13,179.93**	**14,225.18**

 # During the six months ended September 30, 2023, Steiner AG entered into an arrangement for sale of its 100% shareholding in Steiner Construction SA as a result of which Steiner Construction SA has been presented as discontinued operations under the head 'Non-current Assets Held for Sale and Discontinued Operations' in the financial statements in accordance with IND AS 105.
** Represents amount less than ₹1 lakh.*

Six months period ended September 30, 2023 compared to Financial Year 2023

Decrease in non-current assets/ increase in current assets/ decrease in non-current liabilities/ increase in current liabilities.

The reason for increase / decrease in all the above heads of the balance sheet is due to deconsolidation of Prolific Resolution Private Limited in the Unaudited Consolidated Financial Results as a Subsidiary of our Company and its treatment as a Joint Venture of our Company with effect from September 30, 2023 pursuant to an investment made into Prolific Resolution Private Limited by a third-party investor.

Further, during the six months ended September 30, 2023, Steiner AG entered into an arrangement for sale of its 100% shareholding in Steiner Construction SA, as a result of which Steiner Construction SA has been presented as discontinued operations under the head 'Non-current Assets Held for Sale and Discontinued Operations' in the financial statements in accordance with IND AS 105. The figures in the financial statements for the previous period/year, to the extent applicable, have accordingly been regrouped/ reclassified to conform to the presentation of the figures for the six months ended September 30, 2023. For further details on the arrangement, please see "*Our Business - Selective monetisation of existing assets to improve cash flows and reduce leverage*" on page 95.

Financial Year 2023 compared to Financial Year 2022

Increase in non-current assets/ decrease in current assets/ increase in non-current liabilities/ decrease in current liabilities.

The primary reason for increase / decrease in all the above heads of the balance sheet is due to implementation of the Resolution Plan. In the Financial Year 2023, pursuant to the Resolution Plan, our Company has successfully novated specified debt of lenders aggregating to ₹2,855.69 crore to Prolific Resolution Private Limited, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹6,508.44 crore with a carrying value of ₹2,894.11 crore in favour of Prolific Resolution Private Limited. As a result, in Financial Year 2023, these assets and liabilities were treated as non-current assets and/or non-current liabilities in the books of Prolific Resolution Private Limited and accordingly consolidated in the audited consolidated financial statements for Financial Year 2023. In the Financial Year 2022, since these assets and liabilities were classified as 'held for sale', they were treated as current assets and/or current liabilities, held for sale.

Cash Flows

The following table summarizes our statements of cash flows for the periods presented:

(₹ in crore)

Particulars	For the six months ended		For the Financial Year	
	September 30, 2023	September 30, 2022	2023	2022
Cash flow from operating activities	(114.23)	(90.71)	16.91	946.63
Cash flow from investing activities	364.09	(100.96)	424.70	(225.03)
Cash flow from financing activities	(160.30)	(121.75)	(603.10)	(659.95)
Net increase or (decrease) in cash and cash equivalents	89.56	(313.42)	(161.49)	61.65

Six months period ended September 30, 2023 compared to six months period ended September 30, 2022

Operating Activities

Cash used in operating activities increased to ₹114.23 crore for the six months period ended September 30, 2023 from ₹90.71 crore for the six months period ended September 30, 2022, primarily due to increase in our working capital requirements.

Investing Activities

Net cash generated from / (used in) investing activities increased to ₹364.09 crore for the six months period ended September 30, 2023 from ₹(100.96) crore for the six months period ended September 30, 2022, primarily due to net proceeds from fixed deposits above ninety days, from our net investments during the previous corresponding period.

Financing Activities

Net cash used in financing activities increased to ₹(160.30) crore for the six months period ended September 30, 2023 from ₹(121.75) crore for the six months period ended September 30, 2022, primarily due to repayment of our borrowings.

Increase/decrease in net cash and cash equivalents. As a result of the foregoing, there was an increase in the net cash and cash equivalents by ₹89.56 crore for the six months period ended September 30, 2023 as against a decrease by ₹(313.42) crore for the six months period ended September 30, 2022.

Financial Year 2023 compared to Financial Year 2022

Operating Activities

Net cash generated from operating activities decreased to ₹16.91 crore for Financial Year 2023 from ₹946.63 crore for Financial Year 2022, primarily due to decrease in profit before tax primarily due to subdued performance of Steiner AG.

Investing Activities

Net cash generated from / (used in) investing activities increased to ₹424.70 crore for Financial Year 2023 from ₹(225.03) crore for Financial Year 2022, primarily due to realisation from sale of Baharampore Farakka Highway (part of National Highway 34) in West Bengal, to Cube Highways and Infrastructure V Pte. Ltd., amounting to ₹373.99 crore and net proceeds from fixed deposits above ninety days, from our net investments during the previous financial year.

Financing Activities

Net cash used in financing activities decreased to ₹(603.10) crore for Financial Year 2023 from ₹(659.95) crore for Financial Year 2022, primarily due to reduction in payment of our finance costs.

Increase/decrease in net cash and cash equivalents. As a result of the foregoing, there was a decrease in the net cash and cash equivalents by ₹(161.49) crore for Financial Year 2023 as against an increase by ₹61.65 crore for Financial Year 2022.

Indebtedness

The following table sets forth certain information relating to our outstanding indebtedness as per the periods indicated above:

(Amount in ₹ crore)

Particulars	As on		
	September 30, 2023	March 31, 2023	March 31, 2022
Borrowings – Non-Current	1,968.13	4,851.11	1,178.47
Borrowings - Current	430.57	443.41	612.71
Liabilities of discontinued operations	-	-	678.15
Liabilities of disposal group	-	-	2,448.94
Total Borrowings*	2,398.70	5,294.52	4,918.27

** The amount under 'Total Borrowings' excludes accrued interest on total borrowings amounting to ₹1741.21 crore, ₹1843.14 crore and ₹2546.63 crore as on September 30, 2023, March 31, 2023 and March 31, 2022 respectively, as accrued interest has been accounted under other financial liabilities.*

Additionally, in 2012, our Company had restructured its debt under the Corporate Debt Restructuring mechanism and had subsequently entered into multiple agreements with its various lenders to renew and restructure its existing facilities. Our Company adopted the Resolution Plan in accordance with the RBI (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019, to revise the terms of its existing facilities and address the asset-liability timing mismatch on account of delayed realization of its arbitration awards and claims.

The Resolution Plan, duly supported by 23 banks and financial institutions, reduced a significant portion of our Company's debt from its balance sheet while also providing a resolution to the guarantee obligations of our Company with respect to the debt availed by Lavasa Corporation Limited, an erstwhile subsidiary of our Company. The Resolution Plan gave us the freedom to focus on building our business with renewed confidence, by addressing a fundamental issue concerning delayed arbitration payments. Through the Resolution Plan, our Company was able to transfer lenders' liability aggregating to ₹2,854.40 crore along with beneficial economic interest in arbitration awards and claims aggregating to ₹6,508.44 crore with a carrying value of ₹2,894.11 crore as consideration to to Prolific Resolution Private Limited, an erstwhile subsidiary of our Company. Pursuant to such transfer, the debt in the books of our Company stood reduced to ₹3,575 crore, along with a significant reduction in the then outstanding interest to around ₹400 crore from around ₹950 crore. Additionally, our Company was also able to use the returned bank guarantees for new projects to generate additional operating cashflows.

Contingent liabilities and commitments

The following table sets forth details of our contingent liabilities and commitments as of March 31, 2023:

(₹ in crore)

Particulars	As of March 31, 2023 *(₹ in crore)*
Contingent liabilities	
Claims not acknowledged as debts by the Group	194.39
Income tax liability that may arise in respect of which the Group is in appeals	118.18
Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	162.66
Total	**475.23**
Commitments	
Capital commitment (net of advances)	1.29

Note: It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

Related Party Transactions

We entered into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see "*Financial Statements*" on page 106.

Qualitative disclosure about market risk

Unusual or Infrequent Events or Transactions

Except as described in "*Risk Factors*" and "*Our Business*", beginning on pages 17 and 90, respectively, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Significant economic changes that materially affect or are likely to affect income from continuing operations

Except as described in this Draft Letter of Offer, there have been no other significant economic changes to the best of our knowledge which materially affected in the last three financial years or are likely to affect income from continuing operations.

Known Trends or Uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above under "Significant Factors Affecting our Results of Operations and Financial Condition" and the uncertainties described in "*Risk Factors*" on page 17. To our knowledge, except as described in this Draft Letter of Offer, there are no known factors, which are expected to have a material adverse impact on our revenues or income from continuing operations.

Statutory Auditors' Qualifications or Observations

Six months ended September 30, 2023

Qualified Conclusion

"*As stated in Note 3 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.93 crore as at 30 September 2023, which mainly includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the Holding Company's management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 30 September 2023.*

Our audit report dated 18 May 2023 on the consolidated financial results of the Group for the quarter and year ended 31 March 2023 and review reports dated 03 August 2023 and 10 November 2022 on the consolidated unaudited financial results of the Group for the quarter ended 30 June 2023 and for the quarter and six month period ended 30 September 2022, respectively, were also qualified in respect of this matter"

Six months ended September 30, 2022

Qualified Conclusion

"*As stated in Note 3 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore as at 30 September 2022 mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the Holding Company's history of losses, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 30 September 2022.*

Our audit report dated 12 May 2022 on the consolidated audited financial result for the year ended 31 March 2022 and review reports dated 4 August 2022 and 11 November 2021 on the consolidated unaudited financial results for the quarter ended 30 June 2022 and for the quarter and six months ended 30 September 2021, respectively was also qualified in respect of this matter."

Financial Year 2023

Qualified Opinion

"*Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.93 crore as at 31 March 2023, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are* *unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2023.*

Our audit report dated 12 May 2022 on the consolidated audited financial statements for the year ended 31 March 2022 was also qualified in respect of this matter"

Financial Year 2022

Qualified Opinion

"*As stated in Note 30.1 to the accompanying consolidated financial statements, the Holding Company has accounted for managerial remuneration paid/ payable to Whole Time Directors (including Chairman and Managing Director) of the Holding Company aggregating ₹ 41.07 crore for the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022, in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained by the Holding Company.*

Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter."

"*Note 19.3 to the accompanying consolidated financial statements, the Holding Company's current borrowings, other current financial liabilities and liabilities of disposal group held for sale as at 31 March 2022 include balances amounting to ₹ 49. 67 crore, ₹ 320.55 and ₹ 2.85 crore, respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been received. Further, confirmations from banks/ lenders have not been received for balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits with banks (included under bank balances other than cash and cash equivalents) as at 31 March 2022 amounting to ₹ 2.18 crore and ₹ 0.95 crore, respectively. In the absence of such confirmations from the banks/ lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments if any, that may be required to the carrying value of the aforementioned balances in the accompanying consolidated financial statements.*

Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter."

"*Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore outstanding as at 31 March 2022, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Holding Company, uncertainty with respect to outcome of the resolution plan as referred to in Note 2.1 (vi), we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid deferred tax assets as at 31 March 2022.*

Our audit report dated 23 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter."

For details regarding emphasis of matters and key audit matters, as applicable, please see "*Financial Statements*" on page 106.

For further details, please see "*Risk Factors*" on page 17.

Significant Developments after September 30, 2023 that may affect our Future Results of Operations

Except as otherwise as set out in this Draft Letter of Offer and in the section *"Material Developments"* on page 345, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect our trading and profitability, the value of our assets or our ability to pay our liabilities within the next 12 months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company and our Subsidiaries are subject to various legal proceedings from time to time, primarily arising in the ordinary course of business.

*Our Company has a 'Policy for Determining Materiality of Events' ("**Materiality Policy**") framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by our Board. Notwithstanding the Materiality Policy, our Company has, solely for the purpose of this Issue, disclosed in this section, all outstanding civil and tax proceedings involving our Company and its Subsidiaries, where the amount involved in such proceedings is equivalent to or in excess of 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company, which is determined to be ₹18.16 crore, adopted by the Rights Issue Committee through its resolution dated September 25, 2023 ("**Materiality Threshold**").*

Further, except as disclosed in this section, there are no outstanding matters which involve (i) issues of moral turpitude or criminal liability on the part of our Company and Subsidiaries; (ii) material violations of statutory regulations by our Company and Subsidiaries; (iii) economic offences where proceedings have been initiated against our Company and Subsidiaries; and (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company.

Pre-litigation notices received by our Company and Subsidiaries from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, threatening criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company and our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.

Litigation involving our Company

Litigation against our Company

Criminal Proceedings

1. The Deputy Commissioner of GST and Central Excise, Mumbai- VII ("**Commissioner**") issued show cause notice cum demand notices ("**Demand Notices**") in relation to *inter alia* discharge of short-paid service tax liability amounting to ₹396.63 crore. The Commissioner adjudicated the Demand Notices and pursuant to its order dated December 12, 2013, confirmed the service tax demand payable by our Company ("**Demand Order**"). Our Company filed an appeal challenging the Demand Order before the Customs, Excise and Service Tax Appellate Tribunal ("**CESTAT**"). The CESTAT remanded the matter to the Commissioner for fresh consideration on August 11, 2014. Subsequently the Commissioner filed a criminal complaint before the Chief Metropolitan Magistrate, Mumbai ("**Magistrate**") against our Company on August 15, 2014 under relevant provisions of the Indian Penal Code, 1860, Central Excise Act, 1944 and the Finance Act, 1994 alleging *inter alia*, wrongful classification of the construction of commercial services as works contracts with an intention to avail service tax concessions. The Magistrate passed an order on November 12, 2014 ("**Magistrate Order**") issuing process against our Company, pursuant to which our Company filed an appeal before the Sessions Court, Mumbai on July 6, 2015 ("**Appeal**"). In the parallel, the Commissioner on July 6, 2015 rejected the contentions of our Company and confirmed the demand and assessment of tax ("**Order**"). Our Company on July 6, 2015 filed an appeal against the Order before the CESTAT. Meanwhile, the Sessions Court dismissed our Appeal on September 19, 2017. Subsequently, our Company has filed a criminal writ petition before the High Court of Bombay ("**High Court**") on December 18, 2017, seeking *inter alia* quashing of the Magistrate Order **("Writ Petition**"). The CESTAT on October 23, 2019 allowed our appeal against the Order. Thereafter, our Company filed an additional affidavit on November 30, 2022 in Writ Petition placing the order dated October 23, 2019. The High Court issued an order on April 5, 2023 and stayed the criminal proceedings before the Magistrate. The matter is currently pending.

2. The Central Bureau of Investigation ("**CBI**") filed a criminal complaint before the Additional Special Judge for CBI Cases, Chennai ("**Additional Special Judge**") against our Company on June 30, 2000 represented by our Chairman and Non-Executive Non-Independent Director Ajit Gulabchand and others (collectively, the "**Accused**") under relevant 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 in Chennai. The Additional Special Judge dismissed the case and acquitted the Accused from all the charges, pursuant to its order on April 7, 2016. CBI has subsequently preferred an appeal before the Madras High Court on February 2, 2017 against the acquittal of the Accused. The matter is currently pending.

3. The Regional Provident Fund Commissioner, Jamnagar ("**EPFO**") issued a notice on December 21, 2015, to our Company under Section 14 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF Act**") in relation to *inter alia* failure in uploading of bank accounts of provident fund members of the establishment of our Company at Sikka, Jamnagar. Subsequently, the EPFO filed a complaint against our Company before the Chief Metropolitan Magistrate Court, Jamnagar on March 9, 2016 ("**Complaint**"), alleging non-compliance of provisions

of the EPF Act by our Company. Our Company has filed an application on May 1, 2017, before the Hight Court of Gujarat seeking *inter alia* quashing of the Complaint. The matter is currently pending.

4. Super Sonic Carrier Private Limited ("**Complainant**") has filed a criminal complaint on November 30, 2022 ("**Complaint**") before the Chief Metropolitan Magistrate, Calcutta ("**Magistrate**") against our Company under the Code of Criminal Procedure, 1973 for committing offences under relevant provisions of the Indian Penal Code, 1860 alleging cheating, criminal misappropriation and criminal conspiracy by our Company for not making payments for the transportation services provided by the Complainant in relation to the delivery of goods and materials of our Company. Our Company has filed a criminal revision application on September 15, 2023 before the High Court of Calcutta ("**Court**") seeking directions for quashing of the criminal proceedings. The Court has passed an order for stay of the complaint until the next hearing. The matter is currently pending.

Material Civil Proceedings

1. State Bank of India ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company, by way of an original application dated December 29, 2017 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹176.77 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries, HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL, in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

2. Bank of Baroda ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company, by way of an original application dated July 8, 2016 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹71.42 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries, HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

3. Union Bank of India ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated September 29, 2020 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹281.36 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

4. Corporation Bank ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated June 25, 2018 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹19.85 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

5. Central Bank of India ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated January 16, 2021 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹194.52 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

6. Asset Care and Reconstruction Enterprise Limited ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated May 5, 2016 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹129.57 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries, HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

7. Punjab National Bank ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated December 24, 2020 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia*

a claim of ₹708.52 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries, HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

8. The Director General Naval Project, Mumbai ("**DGNP**") initiated arbitration proceedings against our Company. Our Company had entered into a contract with the DGNP ("**Contract**") in relation to the re-construction of the dry dock and associated north and south wharves at the Naval Dockyard, Mumbai ("**Project**"). Under the terms of the Contract, the considerable payable by DGNP to our Company was inclusive of service tax, which was 4.12% of the value of the Contract. The service tax was paid by our Company on behalf of DGNP. The dispute between the parties had arisen in relation to, *inter alia*, adjustment or refund of accepted contract price to exclude the amount of service tax included in it due to non-applicability of service tax to the nature of the Contract. DGNP filed claims amounting to ₹65.42 crore along with *pendent lite* and post-Award interest till date of payment at the rate of 18% per annum along with financing charge at the rate of 15% per annum, and a declaration that the Contract price includes service tax at the rate of 4.12% of the Contract value. The arbitral tribunal passed an award on December 27, 2018 dismissing claims of DGNP ("**Award**"). DGNP challenged the Award and prayed for stay of operation of the Award before the High Court of Bombay. The matter is currently pending.

Material Tax Proceedings

Indirect Tax

1. The Senior Joint Commissioner, Sales Tax, Large Tax Payer Unit, Calcutta ("**Commissioner**") issued a draft assessment order ("**Order**") on June 27, 2016 under the West Bengal Value Added Tax Act, 2003 ("**WBVAT Act**") and the rules made thereunder, for the financial year 2013-14 to our Company requiring payment of a tax demand of of ₹31.25 crore on our recorded income of ₹187.58 crore towards an arbitration claim for the Teesta Low Dam Project ("**Project**"), assessing it as contractual transfer price ("**CTP**"). Additionally, the Commissioner disallowed certain expenses under Rule 30(1) read with Section 18 of the WBVAT Act towards sub-contracting expenses, labour charges and other related expenses of the Project. Being aggrieved by the CTP, our Company challenged the Order under Section 8 of the West Bengal Taxation Tribunal Act, 1987 before the West Bengal Tax Tribunal ("**Tribunal**") on August 2, 2016 disputing such addition of the arbitration award as CTP as it did not involve any transfer of property in goods and was only a compensation claim for costs incurred by our Company on the Project. The matter is currently pending.

2. The Additional Commissioner, Central Goods and Services Tax and Central Excise, Navi Mumbai ("**Commissioner**") issued an audit objection on June 8, 2022, as per entry number 5(e) of schedule II of the Central Goods and Services Tax Act, 2017 ("**CGST Act**") for the financial year 2018-2019 to our Company demanding payment of goods and services tax ("**GST**") of ₹38.67 crore along with interest and penalty on our recorded income of ₹214.81 crore towards a settlement claim for the Bandra Worli Sea Link Project ("**Project**"), claimed towards compensation for additional expenditure incurred due to delays in completion of work of the Project received from the Maharashtra State Road Development Corporation Limited ("**MSRDCL**"). Our Company filed a reply to audit objection refuting the objections levied under the audit report on June 17, 2022. Subsequently, a show cause notice dated February 2, 2023 ("**Notice**") was issued by the Commissioner to our Company demanding payment of GST. Our Company filed a reply to the Notice, inter alia, refuting the allegation levied therein. The Commissioner passed an order dated September 8, 2023 ("**Order**") confirmed demand payment of GST of ₹38.67 crore on the claim received by us from MSRDCL under Section 74(1) of the CGST Act along with applicable interest and penalty. Our Company has challenged the Order before the Maharashtra GST Commissionerate (Appeals) disputing assessment of the claimed amount as GST as there was no consideration involved for any supply of goods and services, and the amount received was only a compensation claim for costs incurred by our Company on the Project. The matter is currently pending.

Direct Tax

1. The Assessing Officer ("**AO**") passed an assessment order dated December 26, 2017 in relation to the assessment year 2015-16, u/s 143(3) of the Income Tax Act, 1961. The AO assessed our total income under normal provisions at a loss of ₹656.16 crore and book profit at ₹62.56 crore after making various additions. However, on scrutiny of the annual accounts, it was observed that during AY 2014-15 there was a book profit of ₹80.64 crore which was carried to the reserve and surplus. It was alleged that our Company had no book loss and all the losses prior to FY 2013-14 had already been absorbed. Consequently, a show cause notice u/s 263 of the Income Tax Act, 1961 dated March 15, 2021 was issued to our Company by the Commissioner of Income Tax ("**CIT-6**"). Our Company filed its response by means of a letter dated March 22, 2021. Subsequently, an order u/s 263 of the Income Tax Act, 1961 was passed by the Principal Commissioner of Income Tax, Mumbai ("**PCIT**") on March 30, 2021 wherein the assessment order of the AO was found to be erroneous and was set aside and directed the AO to pass on order *de novo* ("**Order**"). As per the directions of the CIT-6, the AO passed an order dated March 15, 2022, assessing the loss under the normal provisions at ₹613.58 crore. However, erroneously, the issue of brought forward loss was not adjudicated in this order and hence the book profit was again assessed at ₹65.47 crore. Parallelly, our Company filed an appeal against the Order of the PCIT before the Income Tax Appellate Tribunal, Mumbai ("**ITAT**") contending that Order of the AO

was not erroneous. The ITAT in its order dated August 25, 2022 ("**Impugned Order**") dismissed the appeal and confirmed the order of the PCIT. Our Company filed a miscellaneous application against the Impugned Order ("**Application**") for rectification. The ITAT in its order dated October 4, 2023 allowed the Application and has remanded back the matter to the AO to re-verify the claim and allowances *de novo*. The amount involved in the matter is approximately ₹27.80 crore. The matter is currently pending.

Proceedings before regulatory authorities involving material violations of statutory regulations

Nil

Matters involving economic offences where proceedings have been initiated against our Company

Nil

Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company

1. Jagannath Hanumant Sonawane and others (collectively, the "**Appellants**") filed an appeal before the Special Tribunal constituted under the Slum Act ("**Tribunal**") against the Slum Rehabilitation Authority ("**SRA**"), State of Maharashtra and our Company, being aggrieved by a notification on 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 ("**Slum Act**"). The Tribunal dismissed the said appeal by its order on December 7, 2011 ("**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 on 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 ("**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.

Litigation by our Company

Material Civil Proceedings

1. Our Company initiated arbitration proceedings against Municipal Corporation of Greater Mumbai ("**MCGM**"). Our Company had entered into a contract with MCGM in relation to the construction of tunnel work from Maroshi to Ruparel College in Mumbai ("**Project**"). The dispute had arisen between the parties in relation to *inter alia* the claims made by our Company for reimbursements of various costs incurred by our Company during the period of extended overstay on site to complete the Project. The arbitral tribunal passed an award dated March 27, 2019, ("**Award**"), directing MCGM to pay costs amounting to ₹115.96 crore along with pre-Award and post-Award interest to our Company. Subsequently, MCGM challenged the Award under Section 34 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**") before The High Court of Bombay ("**Court**"). The Court, pursuant to its order on July 1, 2019, granted a stay on the operation of the Award until disposal of the application, subject to MCGM depositing 50% of the awarded sum computed with interest till the date of deposit being ₹80.43 crore and furnishing of a bank guarantee by our Company for seeking withdrawal of the amount deposited by MCGM. Our Company has withdrawn the said amount by furnishing bank guarantees. The matter is currently pending.

2. Our Company initiated arbitration proceedings against the Director General Naval Project, Mumbai ("**DGNP**"). Our Company had entered into a contract with the DGNP in relation to the re-construction of the dry dock and associated north and south wharves at the Naval Dockyard, Mumbai ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to the delay in the completion of the Project. The DGNP filed counter claims for delay damages, additional costs and excess payment on account of cost difference of bulk and retail of high speed diesel against our Company. The arbitral tribunal passed an award dated July 19, 2019 and amended award dated August 24, 2019 ("**Award**") awarding an amount equivalent to ₹145.49 crore (including pre-Award interest) together, along with post-Award interest at the rate of 8.75% per annum. The counter claim of DGNP for delay damages and additional costs was rejected and their claim for additional costs for excess payment on account of cost difference of bulk and retail of high speed diesel was allowed amounting to ₹1.26 crore which includes pre-Award interest at the rate of 10% per annum along with post-Award interest @8.75% per annum. DGNP challenged the Award through a petition under Section 34 of the Arbitration Act ("**Petition**") before the High Court of Bombay ("**Court**") and our Company has *inter alia* filed an interim application in the Petition seeking (i) to direct DGNP to deposit the entire awarded amount in the Court, pending the hearing and final disposal of the petition; (ii) that our Company be permitted to withdraw the said deposited amount or substantial part thereof against suitable security. The Court passed an order on October 21, 2022 for stay on the execution of the Award, subject to a deposit of ₹141.80 Crore by DGNP and furnishing of a bank guarantee by our Company for seeking withdrawal of the amount deposited by DGNP. Our Company has withdrawn the said amount by furnishing bank guarantees. The matter is currently pending.

3. Our Company initiated arbitration proceedings against the Director General Naval Project, Mumbai ("**DGNP**"). Our Company 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 ("**Project**"). The dispute between the parties had 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 dated September 13, 2021 and a rectified award dated November 15, 2021 ("**Award**"), directing DGNP to pay ₹22.86 crore along with a pre-Award interest at the rate of 9% per annum to be compounded monthly and post-Award simple interest at the rate of 11% per annum till the sum of ₹22.86 crore, including pre-Award interest was paid in full. The DGNP has challenged the Award through a petition under Section 34 of the Arbitration Act before the High Court of Bombay along with an interim application for stay on the execution of Award. The matter is currently pending.

4. Our Company initiated arbitration proceedings against the Director General Naval Project, Mumbai ("**DGNP**"). Our Company had entered into a contract with the DGNP in relation to the re-construction of the dry dock and associated north and south wharves at the Naval Dockyard, Mumbai ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, extension of time, and additional costs incurred due to delay in the completion of the Project. The DGNP filed counter-claims against our Company alleging that the delay in completion of the Project was attributable to our Company. The arbitral tribunal passed an award dated February 8, 2023 and a rectified award dated April 6, 2023 ("**Award**"), granting an extension for completion of the Project and directing the DGNP to pay ₹154.10 crore with pre-Award interest at the rate of 9.75% per annum compounded monthly from October 19, 2018 till the date of the Award and post-Award interest at the rate of 11% per annum. The DGNP has challenged the Award through a petition under Section 34 of the Arbitration Act before the High Court of Bombay ("**Court**") along with an interim application for stay on the execution of Award. The Court passed an order dated November 9, 2023 ("**Order**") for stay on the execution of the Award, subject to a deposit of ₹253.44 crore by DGNP within 8 weeks from the date of the Order. The Court has permitted our Company for seeking withdrawal of the amount deposited by DGNP by furnishing of bank guarantee(s). The matter is currently pending.

5. Our Company initiated arbitration proceedings against Kolkata Metropolitan Development Authority ("**KMDA**") claiming an amount of ₹104 crore along with interest. Our Company had entered into a contract with the KMDA in relation to the construction of the elevated road corridor from Park Circus to EM bypass near Parama Island in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to delay in the completion of Project. Further, KMDA has filed various counter-claims involving an amount of ₹159.92 crore along with interest at the rate of 18% per annum alleging that the delay in completion of the Project was attributable to our Company. The arbitrator passed an award dated July 26, 2021 and a rectified order dated September 14, 2021 rejecting all claims and counter-claims ("**Award**"). Our Company has challenged the Award under Section 34 of the Arbitration Act before the High Court of Calcutta. The matter is currently pending.

6. Our Company initiated arbitration proceedings against Kolkata Metropolitan Development Authority ("**KMDA**") claiming an amount of ₹53.26 crore along with interest. Our Company had entered into a contract with the KMDA in relation to the construction of the elevated road corridor from Park Circus to EM bypass near Parama Island in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, losses incurred on account of unrecovered equipment charges, unrecovered manpower cost, unrecovered overheads, earning capacity and profit, and financing charges, arising due to uncontemplated reduction in productivity/underutilization. The arbitrator passed an award dated July 26, 2021 and a rectified order dated September 14, 2021 rejecting all claims of our Company ("**Award**"). Our Company has challenged the Award under Section 34 of the Arbitration Act before the High Court of Calcutta. The matter is currently pending.

7. Our Company initiated arbitration proceedings against Kolkata Metropolitan Development Authority ("**KMDA**"). Our Company 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 ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, claim for payment against variation in the quantities of piling works. KMDA has filed various counter-claims alleging that the delay in completion of the Project was attributable to our Company. The arbitrator passed an award dated December 18, 2017 and rectified award dated February 5, 2018, awarding our Company a sum of ₹21.28 crore along with interest and costs ("**Award**"). KMDA has challenged the Award through a petition under Section 34 of the Arbitration Act before the Court. The Court, pursuant to its order on July 3, 2018, passed a stay on the operation of the Award until disposal of the arbitration proceedings, subject to KMDA furnishing a bank guarantee of ₹22 crore in favour of our Company. The matter is currently pending.

8. Our Company initiated arbitration proceedings against North-Eastern Electric Power Corporation Limited ("**NEEPCO**"), claiming an amount of ₹53.26 crore. Our Company had entered into a contract with NEEPCO for construction of 2X55 MW Pare Hydro Electric Project, District Papumpare, Arunachal Pradesh, India ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, claims for costs incurred during the period from July 1, 2011 to August 30, 2012 towards the execution of varied works and additional costs incurred due to delay in the completion of the Project. The arbitrator passed an award dated August 8, 2017 against our Company rejecting our claims ("**Award**"). Our Company has challenged the Award through a petition under Section 34 of the Arbitration Act before the Shillong District Court. The matter is currently pending.

9. Our Company initiated arbitration proceedings against North-Eastern Electric Power Corporation Limited ("**NEEPCO**") claiming an amount of ₹230 crore. Our Company has entered into a contract with NEEPCO for construction of 2 X 55 MW Pare Hydro Electric Project, District Papumpare, Arunachal Pradesh, India ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, for claim of costs for the period August 31, 2012 to April 10, 2015 incurred for execution of varied works and additional costs incurred due to delay in the completion of the Project. The arbitrator passed an award dated May 4, 2018 against our Company rejecting our claims ("**Award**"). Our Company has challenged the Award under Section 34(4) of the Arbitration Act before the Shillong District Court. The matter is currently pending.

10. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**"). Our Company had entered into a contract with HPPCL in relation to the set up and establishment of the hydroelectric project on the Sainj River in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, costs incurred towards execution of varied works and additional costs incurred due to delay in the completion of the Project. The arbitral tribunal passed an award dated June 27, 2019 ("**Award**"), awarding a sum of ₹72.54 crore (including pre-Award interest) along with post-Award interest at the rate of 12% per annum, to our Company. HPPCL challenged the Award through a petition under Section 34 of the Arbitration Act before the High Court of Shimla ("**Court**"). The Court, pursuant to its order on November 25, 2021, passed a stay on operation of the Award until disposal of the arbitration proceedings, subject to HPPCL depositing the amount of the Award and furnishing of a bank guarantee by our Company for seeking withdrawal of the amount deposited by HPPCL. Our Company has collected 75% of the amount being ₹55.90 crore by furnishing a bank guarantee. The matter is currently pending.

11. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**"). Our Company had entered into a contract with HPPCL in relation to the setting up and establishing the hydroelectric project on Sainj River in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* additional costs incurred and extension of time due to delay in the completion of the Project. The arbitral tribunal passed an award dated January 31, 2023 ("**Award**"), directing HPPCL to pay claims of ₹101.14 crore (including pre-Award interest) along with post-Award interest at the rate of 9% per annum, to our Company. HPPCL challenged the Award through a petition under Sections 34 and 36 of the Arbitration Act before the High Court of Shimla. HPPCL has also filed an application on under Section 9 of the Arbitration Act read with Section 151 of the Civil Code for restraining our Company from withdrawing the bank guarantees involved in the present proceedings furnished by HPPCL at the time of award of the Project. The matter is currently pending.

12. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**") claiming a sum amounting to ₹571 crore. Our Company had entered into a contract with NHPC in relation to the execution of civil works for the Kishanganga hydroelectric project in Jammu and Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement on extension of time and consequent additional cost incurred for completion of the Project. The arbitral tribunal passed an award dated February 27, 2023 ("**Award**") rejecting the claims of our Company. Our Company has challenged the Award under Section 34 of the Arbitration Act before the Delhi High Court. The matter is currently pending.

13. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**") for claims amounting to ₹161.93 crore. Our Company had entered into a contract with the NHPC in relation to the execution of civil works for the Kishanganga hydroelectric project in Jammu and Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement of incentive payment time for early completion of the Project as per clause 6 of their contract. The arbitral tribunal passed an award dated April 7, 2023 ("**Award**") rejecting claims of our Company. Our Company has challenged the Award under Section 34 of the Arbitration Act before the Delhi High Court. The matter is currently pending.

14. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). Our Company had entered into a contract with the NHPC in relation to the execution of civil works for the Kishanganga hydroelectric project in Jammu and Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement of extension of time for completion of the Project and payment for additional costs incurred and losses suffered during the original contract period and payment of interest on amounts wrongfully withheld from our Company's invoices. The arbitral tribunal passed an award dated October 14, 2019 and a corrected order dated March 7, 2020 ("**Award**") awarding a sum of ₹163.55 crore along with future simple interest at the rate of 9% per annum. NHPC has challenged the Award under Section 34 and 36 of the Arbitration Act before the Delhi High Court ("**Court**"). The Court, pursuant to its order on September 25, 2020, granted a stay on the operation of the Award until disposal of the application, subject to NHPC depositing the entire Award amount with the Court. Our Company has collected ₹163.79 crore by furnishing immovable property towards security. The matter is currently pending.

15. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**"). Our Company had entered into a contract with HPPCL in relation to construction of civil works in all respects of Kashang HEP Project in Kinnaur District, Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement on extension of time and consequent additional cost incurred for

completion of the Project. The arbitral tribunal passed an award dated March 30, 2018 ("**Award**"), awarding claims of ₹43.83 crore (including pre-Award interest) along with post-Award interest at the rate of 10% per annum, to our Company. HPPCL has challenged the Award under Section 34 of the Arbitration Act before the High Court of Shimla ("**Court**"). The Court passed an order dated July 30, 2018, for stay on operation of the Award, subject to HPPCL depositing the entire amount of the Award and furnishing of a bank guarantee by our Company for seeking withdrawal of the amount deposited by HPPCL. Our Company has collected 50% of the amount being ₹23 crore by furnishing a bank guarantee. The matter is currently pending.

16. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**"). Our Company had entered into a contract with HPPCL in relation to construction of civil works in all respects of Kashang HEP Project in Kinnaur District, Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, our Company's entitlement on extension of time and consequent additional cost incurred for completion of the Project. The arbitral tribunal passed an award dated June 6, 2023 ("**Award**") in favor of our Company, directing HPPCL to pay claims of up to ₹122.54 crore (including pre-Award interest) along with post-Award interest at the rate of 13% per annum, to our Company. HPPCL has challenged the Award under Section 34 of the Arbitration Act before the High Court of Shimla. The matter is currently pending.

17. Our Company initiated arbitration proceedings against Indian Strategic Petroleum Reserves Limited ("**ISPRL**"). Our Company had entered into a contract with ISPRL in relation to construction of underground rock caverns for storage of crude oil at Vishakapatnam ("**Project"**). The dispute between the parties had arisen in relation to, *inter alia* our Company's entitlement of additional payments for the additional work done by our Company and for the costs incurred by our Company due to delay in execution of contract which were not paid by ISPRL. The arbitral tribunal passed an award dated April 26, 2022 ("**Award**") partially in favour of our Company, awarding claims amounting to ₹18.72 crore (including pre-Award interest) along with post-Award interest at the rate of 9% per annum, to our Company. Our Company has challenged the Award under Section 34 of the Arbitration Act before the High Court of Shimla. The matter is currently pending.

18. Our Company initiated arbitration proceedings against Indian Strategic Petroleum Reserves Limited ("**ISPRL**"). Our Company had entered into a contract with ISPRL in relation to the construction of taverns at Padur, Karnataka ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to the delay in the completion of the Project and non-payment for extra work done by our Company. The arbitral tribunal passed an award dated June 26, 2021 ("**Award**"), directing ISPRL to pay an amount equivalent to ₹35.99 crore along with pre-Award and post-Award interest at the rate of 9% per annum, towards claims made by our Company. ISPRL filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company also filed an application under Section 34 of the Arbitration Act before the High Court, challenging the Award to the extent that it disallowed some of the claims of our Company and accordingly, prayed for the Award to be set aside to that extent. The matter is currently pending.

19. Our company-initiated arbitration proceedings against Public Works Department, Delhi ("**PWD**"). Our Company had entered into a contract with PWD in relation to the construction of (i) the construction of a flyover on the portal structure linking existing Munirka Flyover in the east to the point beyond Army RR Hospital in the west on the Outer Ring Road in New Delhi, and (ii) an underpass at the junction of BF Marg and Inner Road, New Delhi ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, our Company's entitlement on extension of time and consequent compensation for additional cost incurred for completion of the Project. The PWD filed certain counter-claims against our Company, alleging *inter alia* losses suffered by them. The arbitral tribunal passed an award dated December 10, 2021 and a rectified award dated January 18, 2022 ("**Award**"), directing PWD to pay an amount equivalent to ₹56.96 crore interest along with pre-Award and post-Award interest at the rate of 12% per annum and rejected the counter claims filed by PWD against our Company. PWD has challenged the Award under Section 34 of the Arbitration Act before the Delhi High Court. The matter is currently pending.

20. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). NHAI had awarded our Company a contract for construction of the Allahabad bypass ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated March 16, 2012 ("**Award**"), directing NHAI to pay an amount equivalent to ₹149.07 crore along with pre-Award interest and future monthly compound interest at the rate of 12% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award, which was dismissed pursuant to an order dated July 8, 2014 ("**Order I**"), which rejected two of the claims of dispute raised by our Company. Subsequently, cross appeals were filed by NHAI and our Company under Section 37 of the Arbitration Act before the Division Bench of the High Court against Order I. The Division Bench of the High Court dismissed the appeal filed by NHAI pursuant to an order dated February 24, 2016 ("**Order II**") and partly allowed the appeal filed by our Company with respect to one of the claims, which was set aside by Order I. Pursuant to this, NHAI has filed two special leave petitions before the Supreme Court of India under Article 136 of the Constitution of India against Order II. The special leave petitions have been converted into a civil appeal and the said appeal has been dismissed pursuant an order dated September 21, 2023 ("**Order III**"), with modification in the interest on the claim at the rate of 12% per annum monthly compound interest to 12% per annum simple interest. Our Company filed an execution petition before the Delhi High Court to enforce the Award

and has collected ₹272 crore by furnishing bank guarantees to NHAI for release of ₹137.01 crore. The matter is currently pending.

21. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). NHAI had awarded our Company a contract for widening to 4/6 lanes and strengthening of existing 2 lane carriage way of NH-6 in the State of West Bengal from Kolaghat to Kharagpur ("**Project**"). The dispute between the parties had arisen *inter alia* with respect to additional costs incurred by our Company due to delays in completion of the Project and other compensation payable under various sub-heads such as additional construction and escalation attributable to NHAI. The arbitral tribunal passed an award dated September 29, 2008 ("**Award**") directing NHAI to pay an amount equivalent to ₹68.99 crore along with pre-Award at the rate of 10% compounded monthly and future interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the District Court at Medinipur, West Bengal challenging the Award, which was dismissed pursuant to an order dated August 16, 2010 ("**Order I**"). Subsequently, NHAI filed an appeal under Section 37 of the Arbitration Act before the Division Bench of the High Court at Calcutta ("**High Court**") against Order I, which was dismissed pursuant to an order dated September 22, 2011 ("**Order II**"), which also partly rejected additional costs awarded to our Company on few grounds and modified the compound interest payable to simple interest at the rate of 15% per annum. Pursuant to Order II, both NHAI and our Company filed special leave petitions before the Supreme Court of India under Article 136 of the Constitution of India against Order II which have now been converted into civil appeals. Our Company has filed an execution petition before the High Court to enforce the Award. The execution petition has gone out of circulation with liberty to mention, pursuant to an order dated July11, 2013. Our Company has collected ₹48.95 crore by furnishing bank guarantees. The matter is currently pending.

22. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). NHAI had awarded our Company a contract for construction of the Allahabad bypass ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred due to subsequent legislations and non-payment for construction of embankments attributable to NHAI. The arbitral tribunal passed an award dated March 30, 2010 ("**Award**") where it upheld all of the claims raised by our Company along with future compound interest at the rate of 12% per annum, except one ground which was withdrawn by our Company. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award, which was dismissed by the High Court pursuant to an order dated November 30, 2011 ("**Order I**"). NHAI filed an appeal against Order I before a Division Bench of the High Court which pursuant to an order dated November 8, 2012 set aside the claim of our Company on one ground aggregating to a claim of ₹29.51 crore ("**Order II**"). Pursuant to this, NHAI filed a special leave petition against Order II before the Supreme Court of India under Article 136 of the Constitution of India which was dismissed by the Supreme Court pursuant to an order dated April 24, 2015. Our Company also filed a special leave petition against Order II before the Supreme Court of India under Article 136 of the Constitution of India to the extent that it set aside the Award on the claim of our Company on one ground aggregating to a claim of ₹29.51crore. The Supreme Court pursuant to an order dated August 24, 2023 ("**Order III**") set aside Order II while modifying the payment of interest at the rate of 12% per annum compound interest to 12% per annum simple interest for post-Award period. Our Company filed a review petition against Order III under Article 137 of the Constitution of India to the extent that it modified the payment of interest at the rate of 12% per annum compound interest to 12% per annum simple interest. The matter is currently pending.

23. Our Company initiated arbitration proceedings against the National Thermal Power Corporation, LPHPP Cell ("**NTPC**"). NTPC had awarded our Company a contract by way of bidding for construction of barrage and desilting chamber in the state of Uttarakhand ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred due to idling of resources during suspension of work beyond the control of our Company, claims arising out of the act of foreclosure by NTPC and payments towards expenses incurred on account of bank guarantees extended by our Company to NTPC. The arbitral tribunal passed an award dated September 29, 2013 ("**Award**") directing NTPC to pay an amount equivalent to ₹37.21 crore along with pre-Award at the rate of 12% per annum and future interest at the rate of 18% per annum. Our Company has filed an execution petition dated April 26, 2014 before the High Court to enforce the Award. Separately, NTPC filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and order dated January 25, 2014 which was dismissed by the High Court pursuant to an order dated January 25, 2017 ("**Order**"). Subsequently, NTPC filed an appeal under Section 37 of the Arbitration Act before the Division Bench of the High Court against the Order. Our Company has collected ₹81.70 crore by furnishing bank guarantees. The matter is currently pending.

24. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision and additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated November 30, 2015 ("**Award**") directing NHAI to pay an amount equivalent to ₹95.93 crore along with pre-Award interest at the rate of 12% per annum compounded monthly and future interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award, which pursuant to an order dated November 28, 2016 set aside sub-claims of our Company amounting to ₹20.51 crore while upholding the remainder portion of the arbitral award ("**Order**"). Subsequently, cross appeals were filed by NHAI and our Company under Section 37 of the Arbitration Act before the Division

Bench of the High Court against the Order. Our Company has filed an execution petition before the High Court to enforce the Award. Our Company has collected ₹166.30 crore by furnishing bank guarantees. The cross appeals filed by NHAI and our Company under Section 37 of the Arbitration Act and the execution petition are currently pending.

25. Our Company initiated arbitration proceedings against IRCON International Limited ("**IRCON**"). IRCON had awarded our Company a contract by way of bidding for construction of the Pir Panjal VB tunnel in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred by our Company due to delay in completion of the Project attributable to IRCON. The arbitral tribunal passed an award dated March 30, 2017 ("**Award**") directing IRCON to pay an amount equivalent to ₹33.37 crore along with future interest at the rate of 12% per annum. IRCON filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award, which was dismissed by the High Court pursuant to an order dated July 12, 2018 ("**Order**"). Our Company filed an execution petition before the High Court to enforce the Award. IRCON filed an appeal under Section 37 of the Arbitration Act against the Order before a Division Bench of the High Court. Our Company has collected ₹39.46 crore by furnishing a bank guarantee. The matter is currently pending.

26. Our Company initiated arbitration proceedings against the National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 from Ayodha to Gorakhpur in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred by our Company in completion of the Project and payments for construction of embankments attributable to NHAI. The arbitral tribunal passed an award dated May 30, 2015 ("**Award**") directing NHAI to pay an amount equivalent to ₹37.84 crore along with pre-Award interest at the rate of 12% per annum compounded monthly and 232,964 Euros along with interest at LIBOR rates and future interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award, which was dismissed by the High Court pursuant to an order dated May 27, 2020 ("**Order**"). Our Company filed an execution petition before the High Court to enforce the Award. NHAI filed an appeal under Section 37 of the Arbitration Act against the Order before a Division Bench of the High Court. Our Company has collected ₹82.57 crore by furnishing bank guarantees. The matter is currently pending.

27. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the construction of Chennai Bypass Phase II and widening of Chennai Bypass Phase I ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, determination of rates for the bituminous concrete to be used for the purposes of the construction and additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated June 5, 2013 ("**Award**") directing NHAI to pay an amount equivalent to ₹145.84 crore along with pre-Award interest at the rate of 10% per annum and future interest at the rate of 15% in respect of dispute pertaining to additional costs for extended period. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award, which was dismissed by the High Court pursuant to an order dated January 16, 2022, while rejecting the claim of our Company, aggregating to ₹28.96 crore ("**Order**"). Subsequently, cross appeals were filed by NHAI and our Company under Section 37 of the Arbitration Act before the Division Bench of the High Court against the Order, with NHAI in its appeal praying for the Order to be set aside to the extent that it partially upheld the claim in favour of our Company; and our Company in its appeal praying for setting aside of the Order to the extent that it erroneously interfered with the arbitral award dated June 5, 2013. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹347.39 crore by furnishing bank guarantees. The matter is currently pending.

28. Our Company initiated arbitration proceedings against the Joint Development Commissioner Works, State of Jammu & Kashmir ("**State of Jammu & Kashmir**"). Our Company had entered into a contract with the State of Jammu & Kashmir in relation to the construction of Mughal Road in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred due to the delay in the completion of the Project and obtaining the certification attributable to the State of Jammu & Kashmir. The arbitral tribunal passed an award dated December 28, 2014 ("**Award**") directing the State of Jammu & Kashmir to pay an amount equivalent to ₹78.93 crore along with pre-Award interest at the rate of 12% per annum and future interest at the rate of 15% per annum. The State of Jammu & Kashmir filed an application under Section 34 of the Jammu & Kashmir Arbitration and Conciliation Act, 1997 before the Additional District Judge of Jammu & Kashmir challenging the Award, who pursuant to an order dated December 18, 2019 partly upheld the award in favour of our Company and modified the claim to ₹41.16 crore payable by the State of Jammu & Kashmir to our Company ("**Order**"). Subsequently, cross appeals were filed by the State of Jammu & Kashmir and our Company under Section 37 of the Jammu & Kashmir Arbitration and Conciliation Act, 1997 before the Division Bench of the High Court of Jammu & Kashmir at Srinagar, against the Order; with the State of Jammu & Kashmir in its appeal praying for setting aside of the Order to the extent that it partially upheld the claim in favour of our Company, and our Company in its appeal praying for setting aside of the Order to the extent that it erroneously interfered with the Award. The matter is currently pending.

29. Our Company initiated arbitration proceedings against the National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion tunnel of URI-II HE Project Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an

award dated September 18, 2015 ("**Award**") directing NHPC to pay an amount equivalent to ₹51.32 crore along with applicable interest. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that it rejected the claim of our Company amounting to ₹20.72 crore on one ground. NHPC also filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to orders of the Supreme Court of India dated July 21, 2017 and April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹84.56 crore by furnishing bank guarantees. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

30. Our Company initiated arbitration proceedings against IRCON International Limited ("**IRCON**"). IRCON had awarded our Company a contract by way of bidding for construction of the Pir Panjal VA and VB tunnel in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred by our Company in completion of the Project and payments on account of revision in rates attributable to IRCON. The arbitral tribunal passed an award dated March 31, 2018 ("**Award**") directing IRCON to pay an amount equivalent to ₹28.77 crore along with pre-Award interest at the rate of 9.75% per annum and future interest at the rate of 12% per annum in the first part (Zone VA Project) and ₹51.65 crore along with pre-Award interest at the rate of 9.75% per annum and future interest at the rate of 12% per annum in the second part (Zone VB Project). IRCON filed two applications under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging both parts (Zone VA and VB Projects) of the Award. Our Company filed an execution petition before the High Court to enforce both parts (Zone VA and VB Projects) of the Award and has collected ₹41 crore against Zone VA and ₹22.84 crore against Zone VB by furnishing bank guarantees. The applications filed by IRCON under Section 34 of the Arbitration Act and the execution petition are currently pending.

31. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision and additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated March 31, 2017 ("**Award**") directing NHAI to pay an amount equivalent to ₹12.21 crore along with pre-Award monthly compound interest at the rate of 12% per annum and post-Award simple interest at the rate of 12% per annum and ₹85.33 crore along with pre-Award and post-Award simple interest at the rate of 12% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award. Our Company has filed an execution petition before the High Court to enforce the Award which has been dismissed pursuant to an order dated August 13, 2019. Our Company has collected ₹162.21 crore by furnishing bank guarantees. The application filed by NHAI under Section 34 of the Arbitration Act is currently pending.

32. Our Company initiated arbitration proceedings against the National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision and additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated October 14, 2016 ("**Award**") directing NHAI to pay an amount equivalent to ₹60.24 crore along with pre-Award and post-Award compound interest at the rate of 12% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**"), seeking to partially set aside the Award. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹109.62 crore by furnishing bank guarantees. The application filed by NHAI under Section 34 of the Arbitration Act and the execution petition are currently pending.

33. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision, price escalation formulae, and additional costs incurred due to loss of productivity and non-payment for work done. The arbitral tribunal passed an award dated July 21, 2017 ("**Award**") directing NHAI to pay an amount equivalent to ₹34.61 crore along with pre-Award compound interest at the rate of 12% per annum and post-Award simple interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹25 crore by furnishing a bank guarantee. The application filed by NHAI under Section 34 of the Arbitration Act and the execution petition are currently pending.

34. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated March 20, 2015 ("**Award**") directing NHAI to pay an amount equivalent to ₹135.16 crore along with pre-Award compound interest at the rate of 12% per annum and post-Award simple interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court

to enforce the Award and has collected ₹307.22 crore by furnishing bank guarantees. The application filed by NHAI under Section 34 of the Arbitration Act and the execution petition are currently pending.

35. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to relation to, *inter alia*, rate revision, price escalation formulae, and additional costs incurred due to loss of productivity and non-payment for work done. The arbitral tribunal passed an award dated March 18, 2016 ("**Award**") directing NHAI to pay an amount equivalent to ₹53.06 crore along with pre-Award compound interest at the rate of 12% per annum and post-Award simple interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹126.46 crore by furnishing bank guarantees. The application filed by NHAI under Section 34 of the Arbitration Act and the execution petition are currently pending.

36. Our Company initiated arbitration proceedings against National Thermal Power Corporation, LPHPP Cell ("**NTPC**"). NTPC had awarded our Company a contract by way of bidding for construction of barrage and desilting chamber in the state of Uttarakhand ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs due to river diversion, non-supply of power by NTPC and disruption and delays, attributable to NTPC. The arbitral tribunal passed an award dated September 10, 2012 ("**Award**") directing NTPC to pay an amount equivalent to ₹65.74 crore (including pre-Award interest) along with future interest at the rate of 18% per annum. NTPC filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award. The application filed by NTPC under Section 34 of the Arbitration Act and the execution petition are currently pending.

37. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion arrangement in connection with the Teesta Low Dam Project Stage-IV in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, the additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated January 17, 2014 ("**Award**") directing NHPC to pay an amount equivalent to ₹243.16 crore (including pre-Award interest and arbitration costs) along with future interest at the rate of 18% per annum. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that the claim of our Company on one ground towards work contract tax and labour cess, amounting to ₹7.48 crore, was left unadjusted in the Award and that the same be paid by NHPC to our Company. NHPC also filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to an order of the Supreme Court of India dated July 21, 2017. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹278.81 crore by furnishing bank guarantees. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

38. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion arrangement in connection with the Teesta low Dam Project Stage-IV in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, rate revision. The arbitral tribunal passed an award dated December 31, 2015 ("**Award**") directing NHPC to pay an amount equivalent to ₹53.74 crore(including pre-Award interest) along with future interest at the rate of 18% per annum . NHPC filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. NHPC has also filed an application under Section 36(2) of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana praying for a stay in the operation of the Award pending disposal of the application filed by NHPC under Section 34 of the Arbitration Act. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹47.56 crore by furnishing bank guarantees. The matter is currently pending.

39. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion arrangement in connection with the Teesta low Dam Project Stage-IV in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated February 27, 2018 and corrected pursuant to an order dated May 12, 2018 ("**Award**") directing NHPC to pay an amount equivalent to ₹54.35 crore (including pre-Award interest) along with future interest at the rate of 9.45% per annum. NTPC filed an application under Section 34 of the Arbitration Act before the Special Commercial Court, Gurugram challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an

execution petition before the High Court to enforce the Award. The application filed by NHPC under Section 34 of the Arbitration Act and the execution petition are currently pending.

40. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package of Chamera Hydroelectric Project Stage III in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision, additional costs incurred due to delay in the completion of the Project and other reimbursements attributable to NHPC. The arbitral tribunal passed an award dated June 2, 2014 ("**Award**") directing NHPC to pay an amount equivalent to ₹107.40 crore along with (including pre-Award interest) at the state bank advance rate. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that it rejected our claims amounting to ₹30.19 crore. NHPC also filed an application under Section 34 of the Arbitration Act before the High Court, challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹125.75 crore by furnishing bank guarantees. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

41. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package of Chamera Hydroelectric Project Stage III in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated October 3, 2016 ("**Award**") directing NHPC to pay an amount equivalent to ₹25.63 crore along with pre-Award interest at the rate of 14.5% per annum and post-Award interest at the rate of 18% per annum. NHPC filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹40.37 crore by furnishing bank guarantees. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

42. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package of Chamera Hydroelectric Project Stage III in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated April 9, 2018 ("**Award**") directing NHPC to pay an amount equivalent to ₹26.05 crore along with pre-Award interest at the rate of 6% per annum and post-Award interest at the rate of 18% per annum. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for a fresh tribunal to be constituted to adjudicate the claims which were rejected by the previously tribunal. NHPC also filed an application under Section 34 of the Arbitration Act before the Special Commercial Court, Gurugram, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to an order of the Supreme Court of India dated March 4, 2020. Our Company has filed an execution petition before the High Court to enforce the Award. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

43. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package of Chutak HE Project in Kargil ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred due to delay in the completion of the Project and other payments attributable to NHPC. The arbitral tribunal passed an award dated December 31, 2014 ("**Award**") directing NHPC to pay an amount equivalent to ₹98.81 crore along with pre-Award interest at the rate of 14% per annum and post-Award interest at the rate of 18% per annum. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that one of our claims amounting to ₹23.12 crore was reduced to ₹17.52 crore without reason. NHPC too filed an application under Section 34 of the Arbitration Act before the Special Commercial Court, Gurugram, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to an order of the Supreme Court of India dated July 21, 2017. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹125.12 crore by furnishing bank guarantees. The execution petition is currently pending and applications under Section 34 of the Arbitration Act are reserved for judgement pursuant to an order of the High Court dated August 14, 2018.

44. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package lot – URI II HE Project in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision, and other reimbursements, payable by NHPC to our Company. The arbitral tribunal passed an award dated May 6, 2016 as corrected by order dated August 29, 2016 ("**Award**") directing NHPC to pay an amount equivalent to ₹55.83 crore along with pre-Award and post-Award interest at the rate of 10% per annum. NHPC filed an application under

Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹66.66 crore by furnishing bank guarantees. The execution petition and application under Section 34 of the Arbitration Act are currently pending.

45. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package lot – II HE Project in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision, additional costs incurred due to delay in the completion of the Project and other reimbursements, attributable to NHPC. The arbitral tribunal passed an award dated March 15, 2017 ("**Award**") directing NHPC to pay an amount equivalent to ₹59.83 crore (including pre-Award interest) along with future interest at the rate of 18% per annum. NHPC filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹56.24 crore by furnishing bank guarantees. The execution petition and application under Section 34 of the Arbitration Act are currently pending.

46. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package for Nimoo Bazgo HEP Lot-I in Ladakh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to delay in the completion of the Project and other reimbursements. The arbitral tribunal passed an award dated January 10, 2017 as corrected by order dated March 2, 2017 ("**Award**") directing NHPC to pay an amount equivalent to ₹116.59 crore (including pre-Award interest) and future interest at the rate of 18% per annum. NHPC filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹111.29 crore by furnishing bank guarantees. The matter is currently pending.

47. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to relation to, *inter alia*, rate revision, price escalation formulae, additional costs incurred due to loss of productivity and non-payment for work done, aggregating to a claim of ₹57.09 crore, payable by NHAI to our Company and a counter-claim by NHAI of ₹2.64 crore, payable by our Company to NHAI . The arbitral tribunal passed an award dated June 14, 2018 ("**Award**") directing NHAI to pay an amount equivalent to ₹3.74 crore along with 12% per annum compound interest while rejecting the claims of our Company amounting to ₹53.26 crore and also directing our Company to pay ₹1.95 crore to NHAI in respect of the counter-claim raised by NHAI. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that it rejected the claims of our Company amounting to ₹53.26 crore and praying for the Award to be set aside to that extent. The matter is currently pending.

48. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion arrangement in connection with the Teesta low Dam Project Stage-IV in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated September 18, 2018 as corrected by award dated November 14, 2018 ("**Award**") directing NHPC to pay an amount equivalent to ₹66.31 crore along with pre-Award interest at the rate of 14.05% per annum and future interest at the rate of 15% per annum while allowing NHPC to deduct ₹3.39 crore along with pre-Award interest at the rate of 14.05% per annum and future interest at the rate of 15% per annum from the final claim amount towards the counter-claim raised by NHPC. NHPC filed an application under Section 34 of the Arbitration Act before the Special Commercial Court, Gurugram, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated March 4, 2020. Our Company has filed an execution petition before the High Court to enforce the Award. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

49. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to relation to, *inter alia*, rate revision, price escalation formulae, additional costs incurred due to loss of productivity and non-payment for work done. The arbitral tribunal passed an award dated January 23, 2019 as corrected by award dated March 18, 2019 ("**Award**") directing NHAI to pay an amount equivalent to ₹69.24 (including pre-Award interest) along with future interest at the rate of 18% per annum. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High

Court ("**High Court**") challenging the Award to the extent that it rejected the claims of our Company amounting to ₹31.37 crore and praying for the Award to be set aside to that extent. NHAI too filed an application under Section 34 of the Arbitration Act before the High Court challenging the Award and praying for the Award to be set aside. Our Company has collected ₹7.53 crore by furnishing a bank guarantee. The matter is currently pending.

50. Our Company initiated arbitration proceedings against IRCON International Limited ("**IRCON**"). IRCON had awarded our Company a contract by way of bidding for the construction of a tunnel T48 on Dharam- Quazigund section ("**Project**"). The dispute between the parties had arisen in relation to relation to, *inter alia*, refund of amounts advanced and loss of profits on account of termination of the contract, attributable to IRCON. The arbitral tribunal passed an award dated March 31, 2021 ("**Award**") directing IRCON to pay an amount equivalent to ₹198.88 crore along with future interest at the rate of 15.75% per annum . IRCON filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award. The execution petition and application under Section 34 of the Arbitration Act are currently pending.

51. Our Company initiated arbitration proceedings against the Joint Development Commissioner Works, State of Jammu & Kashmir ("**State of Jammu & Kashmir**"). Our Company had entered into a contract with the State of Jammu & Kashmir in relation to the construction of Mughal Road in the Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, non-payment of price adjustments and escalation attributable to the State of Jammu & Kashmir. The arbitral tribunal passed an award dated March 28, 2019 ("**Award**") directing the State of Jammu & Kashmir to pay an amount equivalent to ₹32.79 crore (including pre-Award interest) and future interest at the rate of 15% per annum. The State of Jammu & Kashmir filed an application under Section 34 of the Jammu & Kashmir Arbitration and Conciliation Act, 1997 before the Additional District Judge of Jammu & Kashmir challenging the Award and praying for the Award to be set aside. The matter is currently pending.

52. Our Company as part of a consortium with DSD Brunckenbau Gmbh and VNR Infrastructures Limited ("**Claimants**") has sought to initiate arbitration proceedings against the Northeast Frontier Railway ("**NFR**"). The NFR had awarded the Claimants a contract by way of bidding for the construction of composite welded truss girders as part of the Bogibeel Rail-cum-Road Bridge in Assam("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred by the Claimants on account of unforeseen delays not attributable to the Claimants, aggregating to ₹221 crore payable by the NFR to the Claimants. The Claimants had filed an application before the High Court of Gauhati for appointment of an arbitrator under Section 11 of the Arbitration Act. The matter is currently pending.

Material Tax Proceedings

Nil

Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company

1. Our Company filed a special civil application before the High Court of Gujarat against the State of Gujarat and Sardar Sarovar Narmada Nigam Limited (collectively, 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.

2. Our Company has filed a suit before the Small Causes Court, Mumbai ("**Court**") against the legal heirs and representatives of Hari Fakira, Anjanabai Hanumantrao Sonawane, Prabhakar Hanumantrao Sonawane and others ("**Defendants**") in respect of the property of the Company situated at Village Hariyali, Vikhroli (East). The High Court of Bombay passed a consent order on October 25, 1969, as an interim measure, whereby Hari Fakira was recognized as a lessee in respect of the said property ("**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 before the Court. The court on December 1, 2021 passed an ex-parte decree for eviction of the Defendants and for the possession of the property to our Company and setting up an inquiry of mesne profits under the relevant provisions of Civil Code ("**Decree**"). The Defendants filed an application under Order 9, Rule 13 of the Civil Code to set aside the Decree passed in this title suit ("**Application**"). The Court on March 4, 2023 allowed the Application and restored the suit. The matter is currently pending.

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

Material Civil Proceedings

<u>HCC Real Estate Limited</u>

1. State Bank of India ("**Claimant**") has initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company seeking *inter alia* a claim of ₹176.77 crore payable by LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. For further details, please see "*Litigation involving our Company – Litigation against our Company – Material civil proceedings*" on page 328.

2. Bank of Baroda ("**Claimant**") has initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company seeking *inter alia* a claim of ₹71.42 crore payable by LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. For further details, please see "*Litigation involving our Company – Litigation against our Company – Material civil proceedings*" on page 328.

3. Union Bank of India ("**Claimant**") has initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company seeking *inter alia* a claim of ₹281.36 crore payable by LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. For further details, please see "*Litigation involving our Company – Litigation against our Company – Material civil proceedings*" on page 328.

4. Corporation Bank ("**Claimant**") has initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company seeking *inter alia* a claim of ₹19.85 crore payable by LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. For further details, please see "*Litigation involving our Company – Litigation against our Company – Material civil proceedings*" on page 328.

5. Central Bank of India ("**Claimant**") has initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company seeking *inter alia* a claim of ₹194.52 crore payable by LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. For further details, please see "*Litigation involving our Company – Litigation against our Company – Material civil proceedings*" on page 328.

6. Asset Care and Reconstruction Enterprise Limited ("**Claimant**") has initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company seeking *inter alia* a claim of ₹129.57 crore payable by LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. For further details, please see "*Litigation involving our Company – Litigation against our Company – Material civil proceedings*" on page 328.

7. Punjab National ("**Claimant**") has initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company seeking *inter alia* a claim of ₹708.52 crore payable by LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. For further details, please see "*Litigation involving our Company – Litigation against our Company – Material civil proceedings*" on page 328.

8. Central Bank of India ("**Claimant**") initiated recovery proceedings against Warasgaon Assets Maintenance Limited ("**WAML**"), an erstwhile subsidiary of our Company, by way of an original application dated February 17, 2021 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai seeking *inter alia* a claim of ₹309.22 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the abovementioned credit. The matter is currently pending.

9. Union Bank of India ("**Claimant**") initiated recovery proceedings against Warasgaon Assets Maintenance Limited ("**WAML**"), an erstwhile subsidiary of our Company by way of an original application dated September 29, 2020

under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai seeking *inter alia* a claim of ₹561.30 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded HCC Real Estate Limited ("**HREL**") in the recovery proceedings as a co-defendant along with LCL in its capacity as a guarantor to the abovementioned credit. The matter is currently pending.

Material Tax Proceedings

Nil

Proceedings before regulatory authorities involving material violations of statutory regulations

Nil

Matters involving economic offences where proceedings have been initiated against our Company

Nil

Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company

Nil

Litigation by our Subsidiaries

Material Civil Proceedings

Raiganj-Dalkhola Highways Limited

1. Raiganj-Dalkhola Highways Limited ("**RDHL**") initiated arbitration proceedings against NHAI. RDHL had entered into a contract with NHAI in relation to the four laning of National Highway 28 in the Raiganj-Dalkhola section in West Bengal (the "**Project**"). The dispute between the parties had arisen in relation to *inter* alia outstanding payments payable by NHAI to RDHL. The arbitral tribunal passed an award dated October 7, 2021 ("**Award**") directing NHAI to pay an amount equivalent to ₹367.81 crore along with pre-Award future interest at the rate of 12% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. The matter is currently pending.

2. Raiganj-Dalkhola Highways Limited ("**RDHL**") initiated arbitration proceedings against NHAI. RDHL had entered into a contract with NHAI in relation to the four laning of National Highway 28 in the Raiganj-Dalkhola section in West Bengal (the "**Project**"). The dispute between the parties had arisen in relation to *inter alia* compensation for material breaches and defaults, payable by NHAI to RDHL. The arbitral tribunal passed an award dated February 14, 2022 ("**Award**") directing NHAI to pay an amount equivalent to ₹187.50 crore along with pre-Award and future interest at the rate of 11% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. The matter is currently pending.

Steiner AG

1. Steiner AG ('**SAG**") initiated proceedings against Baloise Leben AG ("**Contractor**") dated November 29, 2021 for claims of CHF 36 million before the Civil Court of Basel ("**Court**"). SAG had entered into a contract with the Contractor in relation to Project Baloise Park ("**Project**"). The dispute between the parties had arisen in relation to *inter* alia outstanding payments of the final account payable by the Contractor to SAG and confirmation of the Contractor's lien. The Contractor filed its reply on August 31, 2022 offering off-set of CHF 60 million to SAG. The matter is currently pending.

2. Steiner AG ('**SAG**") initiated proceedings dated March 30, 2022 against The Canton of Basel-Landschaft ("**Contractor**") for claims of CHF 9.50 million before the District Court of Arlesheim ("**Court**"). SAG had entered into a contract with the Contractor in relation to Project Sekundarschule Laufen ("**Project**"). The dispute between the parties had arisen in relation to *inter* alia outstanding payment of wages by the Contractor to SAG and confirmation of the Contractor's lien. The matter is currently pending.

3. Steiner AG ('**SAG**") initiated proceedings dated June 21, 2021 and November 8, 2022 against HFM Schweiz AG ("**Contractor**") for claims of CHF 8 million before the District Court of Kreuzlingen ("**Court**"). SAG had entered into a contract with the Contractor in relation to Project HNZ Münsterlingen ("**Project**"). The dispute between the parties had arisen in relation to *inter* alia outstanding payments of the final account payable by the Contractor to SAG and registration of the Contractor's lien. The Contractor filed a counter-claim of CHF 8 million against SAG. The matter is currently pending.

Material Tax Proceedings

Nil

Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company

Nil

GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, refer to *"Objects of the Issue"* on page 47.

MATERIAL DEVELOPMENTS

Except as disclosed in this Draft Letter of Offer, there have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer i.e., September 30, 2023, any circumstances 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.

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 August 3, 2023 pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act.

This Draft Letter of Offer has been approved by our Board by way of circular resolution dated December 14, 2023. The Rights Issue Committee, in its meeting held on [●], has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at ₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) and Rights Entitlement as [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date aggregating up to ₹300 crore. The Issue Price is ₹[●] per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Manager prior to determination of the Record Date.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to their letters dated [●] and [●], respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular.

Our Company has been allotted the ISIN: [●] for the Rights Entitlements to be credited to the respective demat accounts of Allottees. For details, see "*Terms of the Issue*" beginning on page 352.

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoters, the members of the Promoter Group and our Directors have not been and are not debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI as on the date of this Draft Letter of Offer.

Further, the Promoters and the Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI as on the date of this Draft Letter of Offer.

None of our Directors are associated with entities operating in the securities market.

Neither our Promoters nor any of our Directors are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018 as on the date of this Draft Letter of Offer.

Prohibition by RBI

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers as on the date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1913. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to the Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking the Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company will make applications to the Stock Exchanges for in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to the Issue. [●] is the Designated Stock Exchange for the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI LODR Regulations, as applicable for the last one year immediately preceding the date of filing of this Draft Letter of Offer with the SEBI and/or Stock Exchanges, as the case may be.

2. The reports, statements and information referred to above are available on the websites of BSE and NSE.

3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Non-applicability of conditions precedent under Clause (3) of Part B of schedule VI of the SEBI ICDR Regulations

1. Our Company's management has not undergone any change pursuant to acquisition of control in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or the SEBI Takeover Regulations, as applicable. Our Company is not making a rights issue of specified securities for the first time subsequent to any such change; and

2. Our Company has not been listed consequent to the relaxation granted by SEBI under sub-rule (7) of Rule 19 of the SCRR for listing of its specified securities pursuant to a scheme sanctioned by a High Court under Sections 391 to 394 of the Companies Act, 1956 or approved by a tribunal under Sections 230 to 234 of the Companies Act, as applicable. Our Company is not making a rights issue of specified securities for the first time subsequent to any such listing.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions prescribed in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Draft Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR 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, BEING IDBI CAPITAL MARKETS & 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, 2018. 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 OUR COMPANY 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 COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, BEING IDBI CAPITAL MARKETS & SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 14, 2023 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS DRAFT LETTER OF OFFER OF THE SUBJECT ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND 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, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

(b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE 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, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH**

(4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE**

(5) **WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. NOT APPLICABLE**

(6) **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER. NOT APPLICABLE**

(7) **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S 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) **NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**

(9) **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE**

(10) **FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE 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, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES. COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND**

- **(b)** **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH**

(11) **WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE**

(12) **IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE**

(13) **NONE OF THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH**

(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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS'EXPERIENCE, ETC.- COMPLIED WITH**

(15) **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION- WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. - COMPLIED WITH**

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER 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 THE 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.

Eligible Equity Shareholders 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 in accordance with the SEBI ICDR Regulations 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. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights 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.

Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares. The Lead Manager and their respective affiliates may engage in transactions with and perform services for our Company or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company or affiliates, for which they have received and may in the future receive, compensation.

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 the BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with SEBI and 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 us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

Filing

This Draft Letter of Offer has been filed with SEBI for its observations electronically through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI circular bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI, and with the Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, our Company has submitted a copy of this Draft Letter of Offer to the e-mail address: cfddil@sebi.gov.in After SEBI gives its observations, the final Letter of Offer will be filed with SEBI and the Stock Exchanges simultaneously with the filing of the Letter of Offer with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations.

Listing

The Rights Equity Shares offered through the Letter of Offer are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Rights Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of each of our Directors, Legal Counsel to the Issue, Bankers to our Company, the Lead Manager, Registrar to the Issue, Independent Chartered Accountant, Statutory Auditors, in their respective capacities, have been obtained, and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer.

Experts to the Issue

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received consent from its Statutory Auditors, M/s. Walker Chandiok & Co LLP, Chartered Accountants through their letter dated December 14, 2023 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results and the audit reports in respect of the Audited Consolidated Financial Statements and the review reports in respect of the Unaudited Consolidated Financial Results, and such consents have 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 U.S. Securities Act.

Our Company has received written consent dated December 14, 2023 from the Independent Chartered Accountant, S Ramanand Aiyar & Co., Chartered Accountants to include its name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the statement of special tax benefits dated December 14, 2023 and the certificates issued by them in their capacity as an independent chartered accountant to our Company and its Material Subsidiaries and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with the Listing Agreements and the SEBI LODR Regulations. 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 and shall comply with the SEBI circular bearing reference number SEBI/HO/OIAE/CIR/P/2023/156 dated September 20, 2023 and any other circulars issued in this regard. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see "*Terms of the Issue*" beginning on page 352.

The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st floor, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 810 811 4949
E-mail: hcc.rights2023@linkintime.co.in
Investor Grievance ID: hcc.rights2023@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Company Secretary and Compliance Officer

Nitesh Kumar Jha is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Hincon House, Lal Bahadur Shastri Marg
Vikhroli (West), Mumbai 400 083
Maharashtra, India
Tel: + 91-22-2575 1000
E-mail: secretarial@hccindia.com

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. 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 are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.

Investors are requested to note that an Application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

Overview

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations, the SEBI ICDR Master Circular and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

(i) our Company at www.hccindia.com;

(ii) the Registrar at www.linkintime.co.in;

(iii) the Lead Manager, at www.idbicapital.com;

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit www.linkintime.co.in.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the

Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.hccindia.com).

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for not sending the physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights 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 this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI for observations and the Letter of Offer will be filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- **In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

  The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "- *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 363.

  Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

(i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or

(ii) the requisite internet banking.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see "- ***Grounds for Technical Rejection*" on page 359. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, - see "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 356.

- ***Options available to the Eligible Equity Shareholders***

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in the Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar 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.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

(b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application 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 Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

(f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form 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 Application Form and the Rights Entitlement Letter.

(i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

(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 submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(c) Do not send your physical Application to the Lead Manager, the Registrar, the Bankers to the Issue (assuming that such Banker to the Issue is not an 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.

(d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(e) Do not submit the Application Form using a third party ASBA account.

(f) Do not submit multiple Applications.

(g) Avoiding applying on the Issue Closing Date due to risk of delay/restriction in making any physical Application.

▪ ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in terms of Regulation 78 of SEBI ICDR Regulations in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that in terms of Regulation 78 of SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

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 his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Hindustan Construction Company Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

4. 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;

5. Number of Equity Shares held as on Record Date;

6. Allotment option – only dematerialised form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10. Total number of Rights Equity Shares applied for;

11. Total Application amount paid at the rate of ₹[●] per Rights Equity Share;

12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account; and

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB).

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms 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 not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;

(b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The remaining procedure for Application shall be same as set out in "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 356.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM, AS APPLICABLE, AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM, AS APPLICABLE.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "- *Basis of Allotment*" on page 369.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares unless regulatory approvals are submitted.

Additional general instructions for Investors in relation to making of an Application

(a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form 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, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under "*-Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 356.

(d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(e) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar or the Lead Manager.

(f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax 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, Applications 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 Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.

(g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. 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 and/or refund. The Demographic Details given by the Investors in the Application Form 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. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

(h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

(i) For physical Applications through ASBA at Designated Branches of SCSB, 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 any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(j) Investors should provide correct DP ID and Client ID/ folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

(k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. 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.

(l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(n) Do not apply if you are ineligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(q) Do not pay the Application Money in cash, by money order, pay order or postal order.

(r) Do not submit multiple Applications.

(s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply in the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, as amended.

(t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

▪ ***Grounds for Technical Rejection***

Applications made in the Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Company, the Lead Manager, Registrar, Bankers to the Issue to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by 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.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; 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 Entitlements.

(p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records.

(s) Applicants not having the requisite approvals to make Application in the Issue.

▪ ***Multiple Applications***

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "*- Procedure for Applications by Mutual Funds*" on page 362 .

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of the Promoter Group to meet the minimum subscription requirements applicable to the Issue as described in "*Capital Structure – Intent and extent of participation by the Promoters and the Promoter Group*" on page 45.

▪ ***Procedure for Applications by certain categories of Investors***

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital.

In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions or restrictions as specified by SEBI and RBI in this regard. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100% under automatic route).

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. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI 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 an 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 registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the 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 the Issue. Further, 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 the Issue. Other categories of AIFs are permitted to apply in the 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 NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

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.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or exchange traded funded or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights

*Procedure for Applications by Systemically Important Non-Banking Financial Companies ("**NBFC-SI**")*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth 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.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "- *Basis of Allotment*" on page 369.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board or a committee thereof 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 will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 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 Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.hccindia.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, https://linkintime.co.in/EmailReg/Email_Register.html). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "[●]") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the Investor Education and Protection Fund (IEPF) authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing

Date, to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renouncees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

- ***Renunciation of Rights Entitlements***

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

- ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) *On Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN:[●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer and the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be 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, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights 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 and Allotment.

5. 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.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THE ISSUE AND TERMS OF THE ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see "*The Issue*" beginning on page 39.

- ***Fractional Entitlements***

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of three Equity Share for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the 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 Entitlements, if any, subject to availability of Rights Equity Shares in the Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the 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 application forms shall be non-negotiable.

- ***Ranking***

The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- ***Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue***

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●]and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 500185) and NSE (Scrip Code: HCC) under the ISIN: INE549A01026. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to the Issue by our Promoters and members of the Promoter Group***

For details of the intent and extent of subscription by our Promoters and the Promoter Group, see "*Capital Structure – Intent and extent of participation by the Promoters and the Promoter Group*" on page 45.

- ***Rights of Holders of Equity Shares of our Company***

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

(a) The right to receive dividend, if declared;

(b) The right to receive surplus on liquidation;

(c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

(d) The right to free transferability of Rights Equity Shares;

(e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***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 our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- ***Nomination***

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 Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Restrictions on transfer and transmission of shares and on their consolidation/splitting***

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to the Issue. However, the Investors should note that pursuant to the provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- ***Notices***

In accordance with the SEBI ICDR Regulations and the SEBI ICDR Master Circular, and MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send through email and speed post, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi also being the regional language in the place where our Registered and Corporate Office is located).

This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/ Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at www.linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. 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.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 370.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	[●]
ISSUE CLOSING DATE*	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

\# *Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

* *Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, [●].

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights 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 Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such

Additional Rights 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 Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights 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 Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis 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, subject to applicable laws, that our Board 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'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of fifteen days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at such rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

- ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

(a) Unblocking amounts blocked using ASBA facility.

(b) **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 RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition ("**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 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.

(c) **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 Code**"), 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.

(d) **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.

(e) **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 Application Form. 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.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

- ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- ***Receipt of the Rights Equity Shares in Dematerialized Form***

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM, AS APPLICABLE, AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/ FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, 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:

a) Tripartite agreement dated October 11, 2006 between our Company, NSDL and the registrar, TSR Darashaw Limited.

b) Tripartite agreement dated September 18, 2006 between our Company, CDSL and the registrar, TSR Darashaw Limited.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. 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.

2. 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.

3. The responsibility for correctness of information filled in the Application Form *vis-a-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 Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice / refund intimation will be directly sent to the Investors by the Registrar, on their registered email address or through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form, as applicable, and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to apply in the Issue.

XIII. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who –*

a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

b) *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*

c) *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*."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 0.10 crore or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.10 crore or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.50 crore or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board 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 referred to under (A) above 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; and

C. Details of all unutilized monies out of the Issue referred to under (A) above, 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.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

2) 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 by our Board within the time limit specified by SEBI.

3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) 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.

5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) No further issue of securities shall be made till the securities offered through the Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.

7) Adequate arrangements shall be made to collect all ASBA Applications.

8) As on date, except for the OCDs issued by our Company, our Company does not have any convertible debt instruments.

9) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter 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.

2. All enquiries in connection with this Draft Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "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, 1st floor, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 810 811 4949
E-mail: hcc.rights2023@linkintime.co.in
Investor Grievance ID: hcc.rights2023@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

3. In accordance with SEBI ICDR Master Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 8109114949.

4. The Investors can visit following links for the below-mentioned purposes:

   a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.linkintime.co.in;

   b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: https://linkintime.co.in/EmailReg/Email_Register.html;

   c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: https://www.linkintime.co.in; and

   d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: hcc.rights2023@linkintime.co.in

The Issue will remain open for a minimum 7 days. However, our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board (FIPB). Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs through the FDI Policy (defined below).

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Further, the sectoral cap applicable to the sector in which our Company operates is 100% which is permitted under the automatic route.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for the issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII: 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 this Draft 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 and Corporate Office between 10 a.m. and 5 p.m. on all working days and will also be available at the website of our Company from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated December 14, 2023 between our Company and the Lead Manager.

2. Registrar Agreement dated December 13, 2023 between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated [●] between our Company, the Lead Manager, Registrar and the Bankers to the Issue.

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 of our Company, as amended.

2. Certificate of incorporation dated January 27, 1926 and fresh certificate of incorporation consequent to change of name dated October 11, 1991.

3. Consents of the Directors, Company Secretary and Compliance Officer, Lead Manager, Bankers to the Issue*, Legal Counsel 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.

   *Consents of Monitoring Agency and Banker(s) to the Issue will be obtained and filed along with a copy of the Letter of Offer with the RoC.

4. Consent letter dated December 14, 2023 from our Statutory Auditors, M/s. Walker Chandiok & Co LLP, Chartered Accountants to include their name in this Draft Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results and the audit reports in respect of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results, and such consents have not been withdrawn as of the date of this Draft Letter of Offer.

5. Consent letter dated December 14, 2023 from the Independent Chartered Accountant, S Ramanand Aiyar & Co., Chartered Accountants, to include their name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the statement of special tax benefits dated December 14, 2023 and the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

6. Statement of special tax benefits dated December 14, 2023 from the Independent Chartered Accountant included in this Draft Letter of Offer.

7. The Audited Consolidated Financial Statements and the audit reports thereon, dated May 18, 2023 and May 12, 2022.

8. The Unaudited Consolidated Financial Results and the review reports thereon, dated November 9, 2023 and November 10, 2022.

9. Resolutions of our Board of Directors dated August 3, 2023 in relation to the Issue and other related matters.

10. Circular resolution of the Board of Directors dated December 14, 2023 approving and adopting this Draft Letter of Offer.

11. Resolution of the Rights Issue Committee dated [●] in relation to the terms of the Issue including the Record Date, Issue Price and Rights Entitlement Ratio.

12. Annual Reports of our Company for the Financial Years 2023, 2022, 2021, 2020 and 2019.

13. Copy of letter of offer dated November 21, 2018 of our Company for issue of up to 49,75,76,833 Equity Shares for cash at a price of ₹10 per Equity Share (including a premium of ₹9 per Equity Share), aggregating to up to ₹497.58 crore on a rights basis to the eligible equity shareholders of our Company.

14. Report titled "*Industry Research on Infrastructure sector in India*" dated December 2023 prepared by CARE and consent letter dated December 11, 2023 issued by CARE in respect of such report.

15. Due diligence certificate dated December 14, 2023 addressed to SEBI from the Lead Manager.

16. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

17. Tripartite agreement dated October 11, 2006 between our Company, NSDL and the registrar, TSR Darashaw Limited.

18. Tripartite agreement dated September 18, 2006 between our Company, CDSL and the registrar, TSR Darashaw Limited.

19. SEBI observation letter number [●] dated [●].

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

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Ajit Gulabchand

Chairman and Non-Executive Non-Independent Director

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____
Jaspreet Singh Bhullar

Managing Director and Chief Executive Officer

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Arjun Dhawan

Executive Vice Chairman

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Aditya Jain

Non-Executive Non-Independent Director

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

N. R. Acharyulu

Independent Director

Date: December 14, 2023

Place: Hyderabad

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Santosh Janakiram

Independent Director

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Mahendra Singh Mehta

Independent Director

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Mukul Sarkar

Non-Executive Nominee Director

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Mita Dixit

Independent Director

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Arun Karambelkar

Independent Director

Date: December 14, 2023

Place: Mumbai

DECLARATION

I 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. I 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.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

____

Rahul Rao

Chief Financial Officer

Date: December 14, 2023

Place: Mumbai