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Highlights 2011-12

- Group turnover at ₹ 8,157 crore, increased by 14%
- HCC Standalone Turnover at ₹ 4,003 crore
- HCC E&C Orderbook at ₹ 15,336 crore
- Steiner AG Orderbook at CHF 1.51 billion (₹ 8,288 crore)
- Lavasa resumed development and construction activities post Environment Clearance from MoEF in November 2011
- Lavasa launched its second town, Mugaon
- HCC Infrastructure raised ₹ 240 crore by divesting 14.5% equity stake in HCC Concessions to The Xander Group at a valuation of ₹ 1,650 crore
- HCC Infrastructure's Dhule Palesner Highway Project commenced operations in February 2012 four months ahead of schedule

HCC's Projects at a Glance

ANDHRA PRADESH

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

ARUNACHAL PRADESH

- 17. Pare HEP

ASSAM

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

BIHAR

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

CHATTISGARH

28. Bhilai Steel Plant
29. Bailadila Project

DELHI

30. Water and Sewage Treatment Plants
31. DMRC - Vishwa Vidyalaya to ISBT
32. DMRC - Airport Metro Express Line Contract AMEL - C1

33. DMRC - Airport Metro Express Line Contract AMEL - C6
- ★ 34. Delhi Faridabad Elevated Expressway

GOA

35. Goa Barge Berth at Marmugoa

GUJARAT

36. Kandla Oil Jetty
37. 180 m High Chimney at Wanakbori
38. Tapi Road Bridge
39. Kakrapar Atomic Power Project
40. Two Cooling Towers at Gandhinagar
41. Gujarat State Highways Project - Mehsana to Palanpur
- 42. Saurashtra Branch Canal Pumping Scheme
43. Kalol Mehsana Gas Pipeline Project
- ▲ 44. Limbdi Branch Canal
- ▲ 45. NC-31 Pipeline
- 46. Pumped Water Supply Scheme from Kesaria to Sonari (NC-25)
- 47. Kachchh Branch Canal

HARYANA

48. Road Bridge at Palwai
49. Panipat Chimney
50. Hathnikund Barrage at Yamunanagar

HIMACHAL PRADESH

51. Chamera HEP, Stage I
52. Nathpa Jhakri HEP
- 53. Chamera HEP, Stage III
- 54. Kashang HEP
- 55. Sainj HEP

JAMMU & KASHMIR

56. Salal HEP
57. Udhampur - Srinagar - Baramulla Rail
- 58. Uri-II HEP
- 59. Pir Panjal Tunnel (Zone-VA)
- 60. Pir Panjal Tunnel (Zone-VB)
- 61. Mughal Road
- 62. Chutak HEP
- 63. Nimmo Bazgo HEP
- 64. Kishanganga HEP

JHARKHAND

65. Chandil Dam
66. Icha Dam

67. Grand Trunk Road Improvement Project

KARNATAKA

68. Tunnel and Powerhouse at Sharavati
69. Dockwork for MPT at Mangalore
70. Kadra Dam
71. Karnataka State Highways Project
- 72. Cavern for Crude Oil Storage, Padur

KERALA

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

MADHYA PRADESH

83. Satpura TPS
84. Tons Road Bridge
85. Tons HEP
86. Road Bridge over River Indravati

MAHARASHTRA

87. Uran Turbine and LPG Station
88. Bhandup Water Treatment Complex
89. BARC Civil Works
90. SSSF Project at Tarapur
91. Sina Aqueduct
92. Panvel Creek Bridge
93. Barvi Expansion Project
94. Railway Bridges over Vasai Creek
95. Bhorphat Tunnel
96. Factory Civil Works for Premier Automobiles Limited
97. Ambarnath/Ulhasnagar STP
98. Water Treatment Plant, Pune
99. Underground Powerhouse, Koyna
100. Kolkewadi Dam

101. Bridge over River Ulhas
102. Trombay Chimney Works
103. Nhava Sheva WTP Works, Raigadh
104. Tunnel between Sewri and Futka
105. Koyna Stage IV Powerhouse Complex
106. Tunnel between E Moses Road and Ruparel College, Mumbai
107. Aerated Lagoons, Mumbai
108. Bandra Effluent and Influent Disposal, Mumbai
109. Housing Complex, Navi Mumbai

- ★ 110. NH-3 MP/Maharashtra Border - Dhule
111. Ghatkopar High Level Tunnel, Mumbai
112. Mumbai-Pune Expressway
113. Vaitarna Dam
114. Satara Kolhapur Road, NH-4
115. Water Supply Tunnel from Bhandup to Charkop, Mumbai
116. Bandra-Worli Sea Link
117. Gosikhurd Spillway, Nagpur

- 118. Lavasa, Pune
- ★ 119. Pune Paud BOT Road
- 120. Ghodazari Branch Canal
- 121. Water Supply Tunnel from Maroshi to Ruparel College, Mumbai
- 122. Middle Vaitarna Water Pipeline
- 123. DGNP Dry-Dock and Wharves, Mumbai
- 124. VAG Corridor, Mumbai

MANIPUR

- 125. Railway Tunnel No.1 between Dholakal and Kalmai
- ▲ 126. Railway Tunnel No. 10 between Jiribam and Tupul
- 127. Railway Tunnel No. 12 between Jiribam and Tupul

ORISSA

128. Dam at Upper Kolab
129. Road Bridge across Mahanadi
130. Syphons at Kuakhai and Khushbhadra
131. Naraj Barrage, New Cuttack
132. Paradip Port Road
- 133. Aditya Aluminium Project

PUNJAB

134. 140 m High Chimney at Ropar
135. Rail Coach Factory at Kapurthala

RAJASTHAN

136. Rajasthan Atomic Power Project, Units 1 & 2
137. Chambal Bridge at Dholpur
138. Rajasthan Atomic Power Project, Units 3 & 4
139. Rajasthan Atomic Power Project, Units 5 & 6
140. East-West Corridor Project, Package-EW-II (RJ-7)
- 141. Rajasthan Atomic Power Project, Units 7 & 8

SIKKIM

- 142. Teesta HEP Stage VI

TAMIL NADU

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

UTTAR PRADESH

155. Maneri Bhali Hydel Project
156. Narora Atomic Power Project
157. Rihand Dam
158. Rihand STPP
159. Shards and Ghogra Barrages
160. Yamuna Hydel Project
161. Gomti Aqueduct
162. Sai Aqueduct
163. Varanasi Bridge
164. Malvika Steel Works
165. Naini Cable Stayed Bridge
166. Allahabad Bypass Road, Package ABP2
- 167. Lucknow-Muzaffarpur National Highway Project Package LMNHPEW II (WB)-1
- 168. Lucknow-Muzaffarpur National Highway Project Package LMNHPEW II (WB)-2
- 169. Lucknow-Muzaffarpur National Highway Project Package LMNHPEW II (WB)-3

- 170. Lucknow-Muzaffarpur National Highway Project Package LMNHPEW II (WB)-4

UTTARAKHAND

- 171. Alaknanda HEP
172. Dhauliganga HEP
- ▲ 173. Tehri Pumped Storage

WEST BENGAL

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

BHUTAN

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

- Projects completed in the year
- Projects in progress
- ▲ New projects
- ★ BOT projects

Chairman's Letter

Dear Shareholder,

In my letter to you in your Company's Annual Report for 2010-11, I had chosen to focus on two key issues — namely, the state of the nation's infrastructure and an increasing over-reach of government in business and day-to-day life. Neither has improved.

The fact that India's GDP growth has steadily fallen every quarter for the last eight quarters — from 9.4% in January-March 2010 to 6.1% in October-December 2011 — has much to do with the depressing investment climate of the country and the dismal state of physical infrastructure. To grow the economy at a real rate of 9% per year requires substantial physical investments. In 2005-06, 2006-07 and 2007-08, when India was clocking over 9% growth, over 35% of the nation's GDP was going into gross fixed capital formation (GFCF). Even then, most economists believed that 35% was not good enough; and that sustaining 9% growth for a decade required increasing GFCF to the neighbourhood of 40% of GDP.

Unfortunately for India, just the opposite has happened after 2007-08: the ratio of GFCF to GDP has steadily fallen from 35% to 30%. A major cause of it has been the sharp fall in growth of infrastructure investments in power, highways, railways or ports. Consequently, the possibility of rapidly ramping up the country's GDP growth from an anticipated 7% for 2011-12 to 9% and then sustaining it over the next five to six years remains in serious doubt. We as a nation have not invested sufficiently in infrastructure — be it public, private or through public-private-partnership — to achieve the growth that is needed to generate sufficient income and job opportunities.

Facts speak for themselves. During the period when India's real GDP grew at above 9%, construction growth was clipping along in healthy double-digits. Then came the decline in growth. In 2008-09, construction growth was 5.3%. It picked up marginally in the next two years to 7% and then 8%; only to fall to an estimated 4.8% in 2011-12.

Consider power and roads, where implementation remains distressingly short of targets.

The Eleventh Five Year Plan (2007-2012) anticipated creating 78,700 MW of new power generating capacity. By the end of the Plan period (31 March 2012), only 55,000 MW of new generating capacity was achieved, or 70% of what was planned. Moreover, many projects under implementation have slowed down due to lack of coal linkages — a matter serious enough for the Prime Minister's Office to have finally taken nodal charge.

Though marginally better, the projects of the National Highway Authority of India (NHAI) continue to run behind schedule. Of the 12,109 km of four-laning as part of National Highways Development Project (NHDP) Phase 3, 19.5% is yet to be contracted out; contracts are yet to be awarded for 83% of the 14,799 km under NHDP Phase 4; and so on. Besides,

there have been several implementation problems with most of the projects that have been contracted out on BOT basis — the primary one being the inability of the developer to acquire the necessary land.

What have we seen over the last 18 months? We have witnessed delays in taking decisions across government agencies, often driven by the fear of the Comptroller and Auditor General, the Central Vigilance Commission or the Supreme Court. The attitude is now one where many civil servants believe that is better to do nothing than to take much needed executive decisions that may attract attention of these authorities. We have witnessed long delays in clearances of new infrastructure projects and stoppage of ongoing ones by the Ministry of Environment and Forests (MoEF), resulting in fewer new contracts and actual infrastructure work. We have seen huge delays in the appointment of Chairman of your Company's major client organisations, especially the NHAI and National Hydroelectric Power Corporation.

What was true at the macro-level also played out in the case of your Company, which is one of India's leading infrastructure players. HCC entered 2011-12 with a low order book. Despite an even more concentrated focus on efficient execution, the order book size was not commensurate with the scale and structure of your Company. Added to that were two other factors: (i) unrealistically low pricing by players desperate to grab orders, and (ii) high interest rates.

The combination of a low order book, no growth in turnover, lower operating margins and higher interest costs has led to your Company generating losses in 2011-12, the details of which are outlined in the chapter on Management Discussion and Analysis and the audited financial statements. It has also put pressure on your Company's cash position and debt servicing ability.

Indeed, the decision-making paralysis has extended to a situation where a large portion of your Company's receivables from various projects have been pushed into claims and arbitration, amounting to almost ₹ 2000 crore. All this happened quite suddenly in the last 18 months, which has forced us to seek restructuring of our debt facilities.

The good news is that your Company's bankers have been understanding and cooperative. A consortium of 27 banks have agreed to consider to restructure their total debt to your Company of around ₹ 3,300 crore through the Corporate Debt Restructuring (CDR) process. This restructuring exercise involves re-calibrating the debt in terms of payback period, deferring certain interests on term loans, providing concessional rate of interest, and advancing further need-based working capital.

This debt restructuring will provide your Company with the breathing space to further reduce costs, improve operational margins, recover dues from clients, sell non-core assets, improve the cash position and secure a larger order book.

Let me now move on to the over-reach of government, especially in relation to Lavasa, independent India's first

planned hill city that offers world-class commercial and residential facilities, tourist activities and educational institutions.

As you may know, construction operations were stalled for almost a year — between November 25, 2010 and November 9, 2011 — with the MoEF issuing a 'stop-work' notice for alleged violation of Environment Impact Assessment Notification, 1994, amended in 2004 and that of 2006. We filed a writ petition in the Bombay High Court and challenged the order, which was admitted. However, to save time and safeguard interests of customers and the project, your Company also approached the MoEF for grant of Environment Clearance (EC). After deliberations, the Expert Appraisal Committee of the MoEF recommended grant of EC to the first phase of the project comprising 2,000 hectares, which the MoEF granted on November 9, 2011. After that date, work has re-commenced on site.

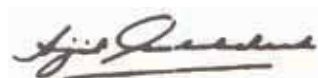
The long stoppage, however, has not only delayed the project considerably, but also has put the balance sheet of Lavasa under pressure. The good news is that the consortium of banks who lent most the debt of ₹ 850 crore debt have in principle agreed to a debt restructuring exercise. An application has been made to the RBI not to classify Lavasa a sub-standard asset for the banks, which will help the restructuring. I hope that the RBI will assent.

2011-12, therefore, was a very difficult year for your Company. But I take these setbacks as challenges. Through the long life of people as well as corporations, there are highs as well as lows. Hindustan Construction has done well for itself and its shareholders in the past. A short period of adversity, however disquieting, will not change its basic growth-oriented DNA.

Indeed, I take these vicissitudes as milestones for accelerating change within your Company. These show the need to have even leaner operations and capital structure; to make even better use of machinery, equipment and people; to focus on better claims settlement to recover locked cash; and to demand harder targets and better execution. My team and I see many opportunities for fundamental improvement, which will be executed with conviction in 2012-13 and the year after.

HCC is a great Company that has done much to create the infrastructural sinews of our nation. It will overcome a short blip in its performance and continue to build value for India and its shareholders. The best years of your Company are waiting to unfold. Be with us, and witness the change.

With best regards,



Ajit Gulabchand

Chairman & Managing Director



Company Information

BOARD OF DIRECTORS

Ajit Gulabchand
(Chairman & Managing Director)

Y. H. Malegam

K. G. Tendulkar

Rajas R. Doshi

Ram P. Gandhi

Prof. Fred Moavenzadeh

D. M. Popat

Sharad M. Kulkarni

Nirmal P. Bhogilal

Anil C. Singhvi

Arun V. Karambelkar
(President & Whole-time Director)

Dr. Ila Patnaik
(w.e.f. October 21, 2011)

COMPANY SECRETARY

Vithal P. Kulkarni

AUDITORS

K.S. Aiyar & Co., Chartered Accountants

ADVOCATES & SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe

Amarchand & Mangaldas &

Suresh A Shroff & Co.

BANKERS/FINANCIAL INSTITUTIONS

ICICI Bank Ltd.

Punjab National Bank

State Bank of India

IDBI Bank Ltd

Indian Bank

Oriental Bank of Commerce

The Jammu & Kashmir Bank

Canara Bank

State Bank of Patiala

Union Bank of India

Bank of Baroda

Vijaya Bank

DBS Bank Ltd

The Federal Bank Ltd

Standard Chartered Bank

Exim Bank of India

Toronto Dominion (Texas) LLC

LIC of India

Central Bank of India

Axis Bank Ltd

Bank of Maharashtra

State Bank of Travancore

SREI Equipment Finance Pvt Ltd

Syndicate Bank

State Bank of Mysore

United Bank of India

IFCI Ltd

Indian Overseas Bank

State Bank of Hyderabad

REGISTRAR & SHARE TRANSFER AGENTS

TSR Darashaw Ltd.

6-10 Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road, Near Famous

Studio, Mahalaxmi, Mumbai - 400 011.

REGISTERED OFFICE

Hincon House, 11th Floor,

247 Park, Lal Bahadur Shastri Marg,

Vikhroli (West), Mumbai - 400 083.



Assam Road Project

The Assam Road Project involves construction of a new flexible 4-lane divided carriageway and reconstruction / strengthening and widening of the existing carriageway of NH-54 between Maibang to Nirmbanglo in Assam. This 15.57 km road includes 50 culverts, two tunnels (1080 meters and 320 meters), three major bridges, five minor bridges and one underpass. HCC has built over 3,100 lane km of expressways and highways.



Chamera Hydel Power Project – Stage III, Himachal Pradesh

The 3 x 77 MW Chamera Hydel Power Project Stage-III situated in the Chamba district of Himachal Pradesh is a run-of-the-river scheme and proposes to harness the hydel potential of the river Ravi. This is HCC's fourth hydro electric power project implemented in Himachal Pradesh. The Company has constructed 25% of India's Hydel Power generation and over 50% of India's Nuclear Power generation capacities.



Chutak Hydel Power Project, Jammu & Kashmir

The 4 x 11 MW Chutak Hydel Power Project on the River Suru (tributary of Indus) is located in the Kargil district of Jammu & Kashmir. Located at over 10,000 ft above sea level, the region receives around 4 to 5 ft of snowfall and temperature drops below -30°C in winter. Men and material have to confront harsh topography and severe weather conditions in winter.



Dhule Palesner corridor of NH 3

Built by HCC Concessions and its JV partners, the four-lane, 89km Dhule Palesner corridor of NH 3 successfully started commercial operations four months ahead of scheduled date of completion. As of March 31, 2012, HCC Concessions had a portfolio of ₹ 5,500 crore which includes six NHAI concessions.



House of Peace, Geneva, Switzerland

Steiner AG is executing the upcoming headquarters of the Graduate Institute of International and Development Studies, House of Peace. An architectural creation of outstanding quality of 35,000 m² area, the centre piece consists of a lecture hall with a seating capacity of 600, 15 classrooms, 10 seminar- and workrooms, a library extending over 4,500 m² on two levels and a cafeteria seating 170.



Lindbergh-Allee, Glattpark in Zurich, Switzerland

Project 'Lindbergh-Allee' is a mixed use project located between the city of Zurich and Zurich's international airport in Kloten. This project, with planning and building realisation by Steiner AG, is situated on the west side of Glattpark's 'Business Belt' and will offer residential and commercial use areas of 15,650 m² and approx. 350 underground car parking spaces. Steiner AG is Switzerland's second largest total services contractor in the Swiss Real Estate market.