

HCC



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Highlights 2016-17

- HCC E&C business order book grows by 12.5% to ₹ 20,390 crore, excluding L1 bids worth ₹ 2,804 crore.
- The Company registered turnover of ₹ 4,195.9 crore and net profit of ₹ 59.4 crore.
- Pursuant to the recent Cabinet order on arbitration awards, HCC to receive ₹ 2,599 crores as 75% of the arbitration award in its favour. Of these, ₹ 380 crore has already been received.
- HCC Concessions has achieved commercial operations of its ₹ 1,720 crore Farakka Raiganj toll road (NH-34) in October 2016.
- Steiner AG revenue at CHF 820.6 million (₹ 5,580 crore) and net profit at CHF 3.2 million (₹ 21.7 crore).
- Steiner AG secured fresh orders worth CHF 927 million (₹ 5,977 crore). The order backlog is CHF 1.43 billion (₹ 9,200 crore), excluding orders for over CHF 700 million (₹ 4,515 crore), where contracts are yet to be signed.
- Lavasa city continues to be a popular tourist destination. The tourist footfall in FY 2016-17 was 890,000.

HCC's Major Projects

ANDHRA PRADESH

- ☐ Cavern for Crude Oil Storage, Vishakhapatnam
- ☐ Chimney at Vijayawada
- ☐ Godavari Barrage at Rajahmundry
- ☐ Godavari Railway Bridge
- ☐ Papavinasam Dam
- Polavaram Project Right Main Canal
- Pula Subbaiah Veligonda Tunnel
- Tata Memorial Centre, Hospital
- ☐ Vizag Monolith, West Wall Protection

ARUNACHAL PRADESH

- Pare Hydro Power Project

ASSAM

- Bogibeel Rail-cum-Road Bridge
- ☐ Brahmaputra Bridge
- ☐ IOCL Refinery at Guwahati
- NH-37 - Numaligarh to Jorhat Highway
- NH-54 - Maibang to Nimbanglo Highway

BIHAR

- ☐ Barauni Thermal Power Plant
- ☐ Ganga Bridge at Mokameh
- ☐ Munger Rail-cum-Road Bridge
- Muzaffarpur Thermal Power Plant
- ☐ Sone Barrage
- Sone Bridge

CHATTISGARH

- ☐ Bailadila Project
- ☐ Bhilai Steel Plant

DELHI

- ★ Delhi Faridabad Elevated Expressway
- ☐ DMRC - Airport Metro Express Line
- DMRC - Dwarka to Najafgarh
- DMRC - Janakpuri West to Palam Station
- DMRC - Netaji Subhash Place to Shalimar Bagh
- ☐ DMRC - Vishwa Vidyalaya to ISBT
- Flyover linking existing Munirka flyover to Army RR Hospital
- ☐ Water & Sewage Treatment Plants at Okhla, Tihar Jail, Wazirabad

GOA

- ☐ Goa Barge Berth at Marmugoa

GUJARAT

- ☐ Gandhinagar Cooling Towers
- Kachchh Branch Canal
- ☐ Kakrapar Atomic Power Project
- ☐ Kalol Mehsana Gas Pipeline
- ☐ Mehsana to Palanpur Highway
- ☐ Pumped Water Supply Scheme from Kesaria to Sonari
- Reliance J3 Refinery at Jamnagar
- Saurashtra Branch Canal
- ☐ Swarnim Gujarat Kutch Water Grid
- ☐ Tapi Road Bridge

HARYANA

- ☐ Hathnikund Barrage
- ☐ Panipat Chimney
- ☐ Road Bridge at Palwai

HIMACHAL PRADESH

- ☐ Chamera Hydro Power Project, Stage I
- ☐ Chamera Hydro Power Project, Stage III
- ☐ Kashang Hydro Power Project
- ☐ Nathpa Jhakri Hydro Power Project
- Sainj Hydro Power Project
- Tunnels for Sawra Kuddu Hydro Power Project

JAMMU & KASHMIR

- Access Road Tunnel to Sawalkote Hydro Power Project
- ▲ Anjikhad railway cable stayed bridge
- ☐ Chutak Hydro Power Project
- ▲ IRCON Tunnel T13 Project
- Kishanganga Hydro Power Project
- ☐ Mughal Road
- ☐ Nimoo Bazgo Hydro Power Project
- ☐ Pir Panjal Tunnel
- Ramban Banihal Highway
- ☐ Salal Hydro Power Project
- T 48 Tunnel - Dharam-Qazigund
- T 49 Tunnel - Dharam-Qazigund
- ☐ Uri-II Hydro Power Project

JHARKHAND

- ☐ Chandil Dam
- ☐ Grand Trunk Road Improvement Project

KARNATAKA

- Cavern for Crude Oil Storage, Padur
- ☐ Kadra Dam
- ☐ Karnataka State Highways Project
- ☐ Sharavati Hydro Power Project
- Yettinahole Project

KERALA

- ☐ Brahmapuram Diesel Power Plant
- ☐ Dam across Idamalayar
- ☐ Dam across Moozhiyar and Veluthodu
- ☐ Lower Periyar Hydro Power Project
- ☐ Sebarigiri Dam
- ☐ Tanker Terminal and Fertiliser Berth, Cochin
- ☐ Wellington Bridge, Cochin

MADHYA PRADESH

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

MAHARASHTRA

- ☐ Aerated Lagoons, Mumbai
- ☐ Ambernath/Ulhasnagar STP
- ☐ Bandra Effluent and Influent Disposal, Mumbai
- ☐ Bandra-Worli Sea Link
- BARC - Integrated Nuclear Recycle Plant, Tarapur
- ☐ BARC - Reactor, Lab & Spent Fuel Building
- Bhamra Askhed Pipeline
- Bhandup Pipeline
- ☐ Bhandup Water Treatment Complex
- ☐ Bhorphat Tunnel
- DGNP Dry-Dock and Wharves
- ☐ Factory Civil Works for Premier Automobiles Limited
- ☐ Ghatkopar High Level Water Tunnel
- ☐ Koyna Hydro Power Project Stage I to IV
- ☐ Middle Vaitarna Water Pipeline
- ▲ Mumbai Metro Line 3: UGC-02
- ☐ Mumbai Metro One
- ☐ Mumbai-Pune Expressway
- ☐ NH-3 MP/Maharashtra Border - Dhule Highway

- ☐ NH-4 - Satara Kolhapur Highway
- ☐ Nhava Sheva WTP Works, Raigadh
- ☐ Pune Paud BOT Road
- ▲ Residential towers at Anushakti Nagar
- ☐ Surveillance Facility Project at Tarapur
- ☐ Trombay Chimney Works
- ☐ Vaitarna Dam
- ☐ Water Supply Tunnel from Bhandup to Charkop, Mumbai
- ☐ Water Treatment Plant, Pune
- ☐ Water Tunnel between E Moses Road and Ruparel College, Mumbai
- ☐ Water Tunnel between Sewri and Futka
- ☐ Water Tunnel from Maroshi to Ruparel College, Mumbai

MANIPUR

- Imphal Kangchup Tamenglong Road
- ▲ Parallel safety tunnel of T-12
- Railway Tunnel No.1 between Jiribam and Tupul
- Railway Tunnel No. 3 between Jiribam and Tupul
- Railway Tunnel No. 10 between Jiribam and Tupul
- Railway Tunnel No. 12 between Jiribam and Tupul
- Railway Tunnel No. 12 between Tupul and Imphal

ORISSA

- ☐ Aditya Aluminium Project
- ☐ Dam at Upper Kolab
- ☐ Naraj Barrage, New Cuttack
- ☐ Paradip Port Road
- ☐ Road Bridge across Mahanadi

PUNJAB

- ☐ 140 m High Chimney at Ropar
- ☐ Rail Coach Factory at Kapurthala

RAJASTHAN

- ☐ Chambal Bridge at Dholpur
- ☐ East-West Corridor Project
- ☐ Rajasthan Atomic Power Project, Units 1 & 2
- ☐ Rajasthan Atomic Power Project, Units 3 & 4

- ☐ Rajasthan Atomic Power Project, Units 5 & 6
- Rajasthan Atomic Power Project, Units 7 & 8

TAMIL NADU

- ☐ Chennai Bypass
- ☐ Chennai Ore Berth, Jetty, Wharf
- ☐ Ennore Port-Rock Quarrying & Breakwater
- ▲ High rise buildings at DAE Anupuram
- IGCAR's Fast Reactor Fuel Cycle Facility at Kalpakkam
- ☐ Kadamparai Pumped Storage Project
- ☐ Kudankulam Nuclear Power Project, Units 1 & 2
- ☐ Lower Mettur Hydro Power Project
- ☐ Navamalai Irrigation Tunnel
- ☐ Tirupur Water Supply Project
- ☐ Upper Nirar Irrigation Tunnel

TELANGANA

- ☐ JCR Devadula Lift Irrigation Scheme Phase I
- JCR Devadula Lift Irrigation Scheme Phase II
- JCR Devadula Lift Irrigation Scheme Phase III
- ☐ North-South Corridor NHDP Phase II Package AP-8
- Pranahita Chevella Lift Irrigation Scheme
- ☐ Rajiv Dummugudem Lift Irrigation Scheme
- ☐ Ramagundam Thermal Power Project

UTTAR PRADESH

- ☐ Allahabad Bypass
- ☐ Gomti Aqueduct
- ☐ Maneri Bhali Hydroelectric Power Project
- ☐ Naini Cable Stayed Bridge
- ☐ Narora Atomic Power Project
- NH - 233 - Indo Nepal Border to Rudhali Highway
- ☐ NH - 28 - Lucknow Muzaffarpur Highway
- ☐ Rihand Dam
- ☐ Rihand STPP

- ☐ Sai Aqueduct
- ☐ Sharda and Ghogra Barrages
- ☐ Varanasi Bridge
- ☐ Yamuna Hydro Power Project

UTTARAKHAND

- Tapovan Vishnugad Hydro Power Project
- ☐ Dhauliganga Hydro Power Project
- Tehri Pumped Storage Project
- Vishnugad Pipalkoti Hydroelectric Power Project

WEST BENGAL

- Elevated Road from Park Circus to E.M. Bypass, Kolkata
- ☐ Farakka Barrage
- ☐ Golden Quadrilateral Road Project - Kolaghat to Kharagpur
- ☐ Haldia Docks Project
- ☐ Kalyani Bridge
- ☐ Kolkata Metro
- ☐ Mahananda Barrage
- ★ NH-34 - Bahrapore - Farakka Highway
- ★ NH-34 - Farakka - Raiganj Highway
- ★ NH-34 - Raiganj - Dalkhola Highway
- ☐ Purulia Pumped Storage Project
- ☐ Teesta Barrage
- ☐ Teesta Low Dam Hydro Power Project Stage IV

BHUTAN

- ☐ Dagachhu Hydro Power Project
- ☐ Kurichhu Hydro Power Project
- Nikachhu Hydro Power Project
- Punatsangchhu Hydro Power Project
- ☐ Tala Hydro Power Project

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

Chairman's Letter

Dear Shareholder,

In more ways than one, 2016-17 has been a significant year for your Company. Let me share several reasons why this is so.

As I have been writing in my last few letters to you, for the last four years of the UPA-2 government the major problem that faced all construction companies was the legacy of stalled infrastructure projects. The size was immense. As an example, on February 01, 2016, there were 304 stalled projects involving investments of ₹ 12,75,877 crore.

Such stalled projects completely destroyed the financial viability of private infrastructure developers and construction companies. These enterprises had used sizeable working capital to mobilise labour and deploy expensive plant and machinery at various project sites. With the stalling and inordinate delays of these projects, the obvious consequences were massive cost over-runs and huge financial strains. Matters significantly worsened with government and quasi-government execution agencies holding back payments against contractor claims. Even when independent arbitrators in dispute resolution favoured construction companies, the executing agencies invariably delayed the payment process by appealing to a higher judiciary.

Thus, all construction majors in the infrastructure sector faced a terrible situation of burgeoning receivables on their balance sheets, inadequate cash inflows and huge interest payment on large working capital exposures. For a sample of listed construction companies, interest cost as a percentage of total income soared from 6% in 2008-09 to above 13% in 2015-16 — when the debt-equity ratio had bloated to over 8. Simply put, for even the better construction majors such as your Company, the business was not financially sustainable.

Thankfully, the NDA government under Prime Minister Narendra Modi has intervened to correct this glaring problem.

First, the Government of India (GoI) has managed to break the choke-hold of stalled projects, by giving faster clearances and closely monitoring these at the highest levels. Only 24 projects that were under implementation remained stalled during the quarter ended March 2017 — the lowest in any quarter since December 2008. Moreover, the number of abandoned projects is the lowest in any quarter over the past eight years; and the value of such projects is just a tenth of the average value that we have witnessed over the past eight years.



Second, to revive the construction sector, the Cabinet Committee on Economic Affairs has approved a series of initiatives which ought to help in improving liquidity and introduce much needed reforms in the business of contracting. Some of these include:

- The Arbitration and Conciliation (Amendment) Act, 2015, which facilitates faster and time bound decision making in the arbitration process.
- Where public sector undertakings (PSUs) or government departments have challenged the arbitration award, 75% of the award amount is to be paid to the contractor or concessionaire against a margin-free bank guarantee.
- All PSUs or departments issuing public contracts are being encouraged to set up Conciliation Committees or Councils comprising independent subject experts to ensure expeditious disposal of pending or new cases.
- Item-rate contracts can now be substituted by EPC or turnkey contracts. If this is done, the PSUs or departments are expected to adopt the model EPC contract for construction works.

These initiatives ought to create a sound process of dispute resolution and, by doing so, infuse badly needed liquidity in the construction sector.

Your Company has secured favourable arbitration awards which will yield a cash inflow of ₹ 2,599 crore as 75% of the awarded amount. As on date, ₹ 380 crores were received of the above amount.

Third, the Reserve Bank of India (RBI) has stepped in to regulate unsustainable levels of corporate debt. The new Strategic Debt Restructuring (SDR) and the Scheme for Sustainable Restructuring of Stressed Assets (or S4A) introduced in 2016 should give relief to the construction majors and create the liquidity needed to bid for new projects. More on this a bit later.

Fourth, the Gol has clearly focused on pushing for significant infrastructure development. In the Union Budget of 2016-17 the outlay on infrastructure was substantially stepped up. The Union Budget 2017-18 boosted it further by 10% to ₹ 3,96,135 crore, with roads, bridges and railways seeing higher allocations. Thus, we are at last beginning to see a concerted attention to, and greater funding of, infrastructure.

Fifth, let me now share with you what your Company has done regarding the S4A scheme. We became the first company in India to adopt S4A. The scheme involves: (i) carving out a certain part of your Company's debt which is converted into a combination of equity and Optionally Convertible Debentures (OCDs) in the hands of the lending banks, with (ii) balance debt to be serviced as per the existing terms. For HCC:

- The entire funded exposure of ₹ 5,107 crore was divided into two debt classifications: sustainable debt of ₹ 2,681 crore and unsustainable debt of ₹ 2,426 crore.
- A portion of the unsustainable debt was converted into equity share capital so as to allow lenders to jointly own around 23.6% of the expanded share capital of your Company.
- OCDs have a repayment period over 10 years and will carry a coupon of 0.01% p.a with yield to maturity of 11.5%.

HCC secured approval of the scheme from shareholders at an Extraordinary General Meeting held on January 05, 2017. Thereafter, the S4A scheme has been implemented which has substantially reduced interest outgo and repayment obligations. The scheme provides your Company much needed breathing space for its cash management.

Sixth, we are starting to get good orders. During 2016-17, your Company secured ₹ 5,375 crore worth of new orders. The order backlog grew by over 12.5% from ₹ 18,123 crore at the end of 2015-16 to ₹ 20,390 crore on March 31, 2017. I need to emphasise that we will only pursue financially sound orders, so that we grow with the right type of construction projects while simultaneously keeping a tight control on preserving cash flows.

Seventh, given the stress that your Company has gone through, the standalone financial results for 2016-17 are quite creditable. Under the new IND-AS accounting standard, out of total operational income of ₹ 4,196 crore, PBT was ₹ 97 crore and PAT was ₹ 59 crore. No doubt, the results can be better, as I hope it shall be in 2017-18 and thereafter.

Eighth, Arjun Dhawan, who has been associated with your Company for nearly a decade, has taken over as the Group CEO from April 01, 2017. I wish him well in his new job.

India is back to growth. The dark clouds seem to have dissipated. But not entirely. Bureaucrats are still not taking timely decisions for fear of being charged with corruption. For the same reason some do not act expeditiously on even orders coming from the Union Cabinet. The administration of contracts by government agencies is still tardy, suffering from excessive dissecting to find reasons why not to act. And when action is forthcoming, it is often in violation of the contractual conditions. Contract administration needs reform. This needs support from the central and state governments if these are to be executed on time and with least cost overruns.

The banking sector is in a crisis of its own. The new Banking Ordinance and the latest RBI regulatory order in the wake of the ordinance are encouraging. But the confidence of bankers to make them work is still to be tested. They too are fearful of being charged with corruption even though the Ordinance and the RBI orders gives them adequate teeth to take tough decisions. They need to be left alone and operate without the fear to make commercial decisions.

It is under these circumstances that we have to move forward to deliver performance. The year 2017-18, therefore, will be a year of consolidation and laying the foundation for a growth path. The Gol's determination to remove the obstacles to economic growth is encouraging. Let us pray for a burst of consistent growth that our country needs, growth driven by the government's purposeful drive to build infrastructure — and with it, better times for HCC.

Thank you for your support.

Yours,



Ajit Gulabchand
Chairman & Managing Director

Company Information

BOARD OF DIRECTORS

Ajit Gulabchand
Chairman & Managing Director

Rajas R. Doshi

Ram P. Gandhi

Sharad M. Kulkarni

Anil C. Singhvi

Harsha Bangari

Dr. Omkar Goswami

N. R. Acharyulu
Non-Executive Director (w.e.f. May 02, 2016)

Shalaka Gulabchand Dhawan
Whole-time Director

Rajgopal Nogja
Group COO & Whole-time Director (upto May 02, 2016)

Arjun Dhawan
Group CEO & Whole-time Director (w.e.f. April 01, 2017)

COMPANY SECRETARY

Sangameshwar Iyer (upto May 08, 2017)

Venkatesan Arunachalam (w.e.f May 09, 2017)

AUDITORS

Walker Chandiok & Co., LLP Chartered Accountants

ADVOCATES & SOLICITORS

Agarwal Law Associates

Cyril Amarchand Mangaldas

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

Export Import Bank of the United States (EXIM US)

LIC of India

Central Bank of India

Axis Bank Ltd

Bank of Maharashtra

State Bank of Travancore

Syndicate Bank

State Bank of Mysore

United Bank of India

IFCI Ltd

Indian Overseas Bank

State Bank of Hyderabad

NABARD

SREI Equipment Finance Limited

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



Sainj Hydro Power Project, Himachal Pradesh

The 100 MW Sainj Hydro Power project is constructed by HCC for Himachal Pradesh Power Corporation (HPPCL). The project is designed to generate 399.57 GWh in a 90% dependable year and 436.90 GWh in a 50% mean year pattern of flow. The project has commenced trial operations and the first turbine spinning was achieved on April 25, 2017. The commercial operation of the project is expected to begin by June 2017.



Delhi Metro Rail Project - Pkg CC34

The Delhi Metro team has started trial-runs on the 10 km stretch between Janakpuri West and IGI Airport Terminal 1 stations on the Magenta Line on December 21, 2016. The total length of the Magenta line is 38.23 km which starts from Janakpuri West and terminates at the Botanical Garden station. HCC was awarded CC34 package on Magenta Line which includes construction of 4.4 km twin tunnels and 3 underground stations – Janakpuri West, Dabri Mor and Dashrath Puri. With this, HCC is nearing completion of the CC34 package.



Bogibeel Rail-cum-Road Bridge, Assam

Bogibeel Rail-cum-Road Bridge being built by HCC in Assam stretching across Brahmaputra River is fast approaching completion. This double deck bridge built by fully welded steel trusses, each weighting a mammoth 1700 MT, are pulled over the pillars in 4 launching segments of 10 spans each. The last segment is currently been pulled over the pillars. The first segment has already reached North bank and is lowered on permanent bearings. The deck slab construction for road has also commenced.



Dagachhu Hydro Power Project

HCC achieved full load capacity at the 126 MW Dagachhu Hydroelectric Power Project in Bhutan on June 07, 2016. This is the first cross-border clean development mechanism project for Bhutan and HCC has constructed the project on EPC basis. After commissioning of the project a technical snag was developed which was rectified in a record 82 days against client allotted 92 days to attain full load capacity.