

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

HCC

HINDUSTAN
CONSTRUCTION
CO. LTD.



71st ANNUAL REPORT
1996 - 97



CONTRIBUTION IN THE NATION BUILDING

JAMMU AND KASHMIR:

1. Spillway, Dam and Powerhouse for Salal Hydel Project.

PUNJAB:

2. 140 M High Chimney at Ropar.
3. Rail Coach Factory at Kapurtala.

HARYANA:

4. Road Bridge at Palwai
5. Panipat Chimney
6. Hathnikund Barrage at Yamunanagar(*)

RAJASTHAN:

7. Foundation, Structures and other civil works for Rajasthan Atomic Power Project, Kota Units I & II.
8. Chambal Bridge at Dholpur
9. Rajasthan Atomic Power Project, Units 3 & 4(*)

GUJARAT:

10. Kandla Oil Jetty for Kandla Port Trust, Kandla.
11. 180 M. High Chimney at Wanakbori.
12. Narmada Drift Project.
13. Tapi Road Bridge.
14. Kakrapar Atomic Power Project.
15. Natural Draught Cooling Towers at Kakrapar.
16. 2 Nos. Cooling Towers at Gandhinagar for Gujarat State Electricity Board.

MAHARASHTRA:

17. Gas Turbine Project and LPG Station at Uran.
18. Bhandup Complex.
19. Reactor Building, Main Building and other Structures for BARC.
20. SSSF Project at Tarapur.
21. Sina Aqueduct.
22. Parvel Creek Bridge.
23. Barvi Expansion Project.
24. Bridges over Vasai Creek at Western Railway.
25. Borghat Tunnels for Central Railway.
26. Factory Civil Works for Premier Automobiles Limited.
27. Ambemath/Ulhasnagar STP.
28. Water Treatment Plant, Pune.
29. Underground Powerhouse for Koyna Project.
30. Kolkewadi Dam.
31. Bridge over River Ulhas.
32. Trombay Chimney Works.
33. Nhava Sheva WTP Works, Raigadh.
34. Tunnel between Sewri and Futka for MCGB.
35. Koyna Stage IV Powerhouse Complex(*)
36. Tunnel between E. Moses Road and Ruparel College, Mumbai(*)
37. Aerated Lagoons at Ghatkopar and Bhandup, Mumbai(*)
38. Bandra Effluent and Influent Disposal Works, Mumbai (*)
39. Housing complex for Kharghar, Navi Mumbai(*)

GOA:

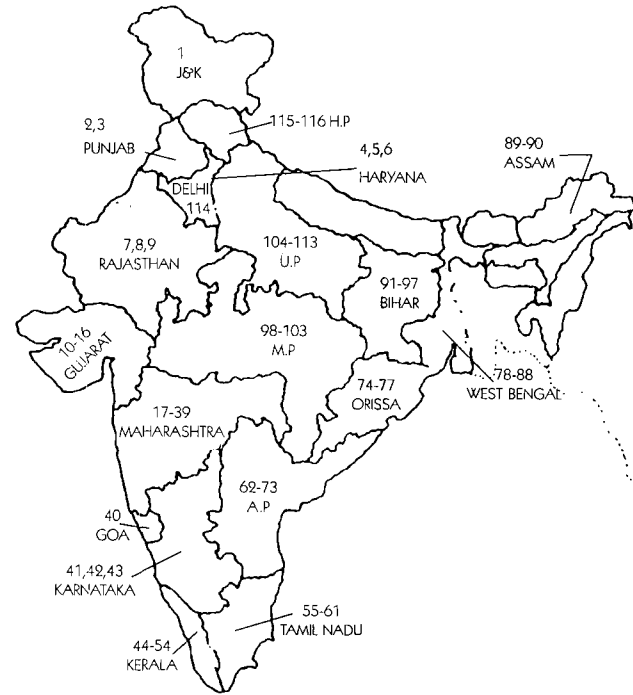
40. Goa Barge Berth at Marmagao.

KARNATAKA:

41. Tunnel and Powerhouse at Sharavati.
42. Dockwork for MPT at Mangalore.
43. Kadra Dam.

KERALA:

44. Tanker Terminal and Fertiliser Berth at Cochin.
45. Dam across Kulamavu.
46. Dam at Peppara.
47. Dam across Idamalayar.
48. Double Curvature Arch Dam at Idukki and Dam across River Cheruthoni.



49. Lower Periyar Tunnel Power Project.
50. Dam across Moozhiyar and Veluthodu, (Kakkad).
51. Sabarigiri Dam.
52. Wellington Bridge Works, Cochin(*)
53. Lower Periyar Dam and Powerhouse(*)
54. Brahmapuram Diesel Power Plant

TAMIL NADU:

55. Civil Works for Kadamparai Pumped Storage Project.
56. Lower Mettur Barrages, Substructure and Powerhouse.
57. Ore Berth, Oil Jetty, Trawler Wharf at Madras.
58. Sewage Treatment Plant at Koyambedu, Madras.
59. Upper Nirar Tunnel.
60. Navamalai Tunnel.
61. Ennore Port-Rock Quarrying and Transportation Works(*)

ANDHRA PRADESH:

62. Civil Works for Bhadrachalam Paper Board.
63. Civil Works, Earthen Dam and 225 M. High Chimney for Ramagundam Super Thermal Power Project.
64. Vizag Monolith and West Wall Protection.
65. Godavari Barrage at Rajahmundry.
66. Papavinasam Dam.
67. Chimney at Vijaywada.
68. Environmental Engineering Works at Hyderabad.
69. Substructure of Bridge over River Godavari for South Central Railway.
70. Vijaywada Tunnel Works.
71. Sileru Tunnel Works.
72. D.B.K. Railway Project.
73. Superstructure for Railway Bridge across river Godavari.

ORISSA:

74. Dam at Upper Kolab.
75. Road Bridge across Mahanadi.
76. Syphons at Kuakhai and Khushbhadra.
77. Naraj Barrage, New Cuttack(*)

WEST BENGAL:

78. Farakka Barrage.
79. Mahananda Barrage.
80. Calcutta Metro Railway Tunnel and Subway Structures.
81. Teesta Barrage.

82. Haldia Docks Project.
83. Environmental Engineering Works at Calcutta.
84. Kalyani Bridge.
85. Earthworks for Farakka STPP.
86. Dauk Barrage.
87. 1 No. 220 M. High RCC Chimney for Kolghat TPS.
88. Underwater cutting of Protective Shield and Sheet Piles in front of intake gates for KTPP.

ASSAM:

89. Brahmaputra Bridge at Amingaon and Tezpur.
90. Civil Works for Refinery at Guwahati.

BIHAR:

91. Sone Barrage
92. Ganga Bridge at Mokameh.
93. Civil Works for Barauni Thermal Power Plant.
94. Chandil Dam.
95. Crossing over River Ganga for BSEB.
96. Panchet Powerhouse for DVC.
97. Icha Dam.

MADHYA PRADESH:

98. Satpura TPS.
99. Tons Road Bridge.
100. Bhilai Steel Plant.
101. Tons Hydel Project, Lot I & II
102. Road Bridge over Indravati River.
103. Bailadila Project

UTTAR PRADESH:

104. Maneri Bhali Hydel Project
105. Civil Works for Narora Atomic Power Project.
106. Rihand Dam.
107. Civil Works and Chimney for Rihand STPP.
108. Sharda and Ghogra Barrages.
109. Yamuna Hydel Project.
110. Gomti Aqueduct.
111. Sai Aqueduct.
112. Varanasi Bridge.
113. Malvika Steel Works.

DELHI:

114. Water and Sewage Treatment Plants.

HIMACHAL PRADESH:

115. Power Tunnel and Underground Powerhouse for Chamera Hydel Power Project.
116. Head Race Tunnel for Nathpa Jhakri Joint Venture(*)

* PROJECTS IN PROGRESS.

BOARD OF DIRECTORSShri Ajit Gulabchand, *Chairman & Managing Director*

Shri R.S. Shastri

Shri Y.H. Malegam

Shri Rajas R. Doshi

Shri Bhalchandra R. Sule

Shri D.M. Popat

Shri S.R. Halbe

Shri D.M. Savur

Shri K.G. Tendulkar, *Executive Director (Operations)*Shri M.D. Khattar, *Executive Director (Construction)***CHAIRMAN – EMERITUS**

Shri Bahubali Gulabchand

COMPANY SECRETARY

Shri Vithal P. Kulkarni

AUDITORS

K.S. Aiyar & Co.

*Chartered Accountants***ADVOCATES & SOLICITORS**

Mulla & Mulla & Craigie, Blunt & Caroe

Kanga & Co.

BANKERS

State Bank of India

Indian Bank

State Bank of Patiala

Union Bank of India

Rafidian Bank — Iraq

National Bank of Malawi

Bank of Baroda

Dena Bank

The Vysya Bank Limited

Global Trust Bank Ltd.

ICICI Banking Corporation Ltd.

Bank Internasional Indonesia

REGISTRAR & SHARE TRANSFER AGENT

MCS Ltd.

Plot No. 27, Road No. 11,

MIDC Area

Andheri (East)

Mumbai-400 093

REGISTERED OFFICE

Construction House

5, Walchand Hirachand Marg

Ballard Estate

Mumbai-400 001

CONTENTS**HCC**

Board of Directors	1
Notice & Annexure	2-7
Directors' Report	8-11
Annexure to Directors' Report	12-14
Auditors' Report	15-17
Balance Sheet	18
Profit & Loss Account	19
Schedules to the Balance Sheet (A to K)	20-24
Schedules to the Profit & Loss Account (L to Q)	24-25
Notes on Accounts	26-29
Cash Flow	30-31
Statement relating to Subsidiary Companies	32

SUBSIDIARY COMPANIES

Ganga Construction Ltd.	33-42
Ucchar Investment Ltd.	43-49
Western Securities Ltd.	50-57

ANNUAL GENERAL MEETING at 4.00 PM. on Wednesday, the 19th November, 1997, at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020.



Notice

NOTICE is hereby given that the Seventy First Annual General Meeting of the Shareholders of Hindustan Construction Company Limited will be held on Wednesday, the 19th November, 1997 at 4.00 P.M. at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 1997, and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri D.M. Popat, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.R. Halbe, who retires by rotation, and being eligible, offers himself for re-appointment.

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. K.S. Aiyar & Co., Chartered Accountants, Mumbai, the retiring Auditors of the Company, be and they are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be fixed by the Board of Directors of the Company."

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. K.S. Aiyar & Co., Chartered Accountants, Mumbai, the retiring Auditors of the Company, be and they are hereby re-appointed as the Branch Auditor/s to audit the accounts of the Company's workspots/sites in India, required to be audited under Section 228 of the Companies Act, 1956, on such terms and conditions including remuneration as may be fixed by the Board of Directors of the Company."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised, in consultation with the Company's Auditors to appoint Branch Auditor/s of the Company, to audit the accounts of the Company's workspots/sites within and outside India, present and future on such terms

and conditions including remuneration as the Board of Directors may deem fit."

SPECIAL BUSINESS

7. To appoint Shri D.M. Savur, as a Director who was appointed as an Additional Director by the Board of Directors with effect from November 8, 1996, and who holds office upto the date of 71st Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956, have been received alongwith a deposit of Rs. 500/- each from some members, signifying their intention to propose Shri D.M. Savur as a candidate for the office of a Director of the Company and to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri D.M. Savur, be and is hereby appointed as a Director of the Company."

8. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such sanctions as may be necessary, the Company hereby accords its approval to the re-appointment of and remuneration and perquisites, payable to Shri Ajit Gulabchand as the Chairman & Managing Director of the Company for a period of 5 years with effect from April 1, 1998, on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Shri Ajit Gulabchand, as placed before this meeting and initialled by the Chairman for the purpose of identification."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said draft Agreement to the extent the Board of Directors may consider appropriate, and as may be permitted or authorised in accordance with any provisions under the Companies Act, 1956, for the time being in force, provided however that the remuneration payable to Shri Ajit Gulabchand shall be within the limits set out in the said Act including Schedule XIII to the said Act or any amendments thereto or any modifications or statutory re-enactment(s) thereof and/or any rules or regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Shri Ajit Gulabchand shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to execute and sign the Agreement and other documents and take such steps as may be necessary and desirable to implement and give effect to the foregoing resolution."

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of the Resolution passed at the 68th Annual General Meeting held on 12th October, 1994 the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable or movable properties of the Company wherever situated, both present and/or future, as the Board thinks fit and the whole or substantially the whole of the undertaking(s) of the Company together with the power to enter upon and take possession of the assets and to take over the management of the business and concern of the Company in certain events of default to or in favour of; The Industrial Credit and Investment Corporation of India Ltd. (ICICI) (hereinafter referred to as the "Term Lender") and State Bank of India, the Lead Banker, and its Consortium Bankers namely, Dena Bank, Bank of Baroda, Union Bank of India, Indian Bank, State Bank of Patiala, The Vysya Bank Ltd., ICICI Banking Corporation Ltd., The Global Trust Bank Ltd., Bank Internasional Indonesia, and/or any other Financial Institutions, Banks or any other lending agencies to secure;

- (i) Term Loan of Rs. 10 Crores (Rupees Ten Crores only) lent and advanced by ICICI to the Company;
- (ii) the Working Capital Credit facilities aggregating to Rs. 800 Crores (Rupees Eight Hundred Crores only) lent/and/or advanced or that may be lent or agreed to be lent and advanced or any other further increase/enhanced credit facilities by the aforesaid Consortium Bankers to the Company;
- (iii) payment of interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, or on redemption costs, charges, expenses and all other monies payable by the Company to the ICICI and the aforesaid Consortium Bankers.
- (iv) Rupee/Foreign Currency Loans, financial assistance to be obtained/borrowed/availed by the Company from the Financial Institutions, State Finance Corporation,

Banks, or any other lending agencies and/or issue of Debentures/Bonds/or any other instruments that may be issued to and subscribed by any of the Financial Institutions/Banks/and/or any other lending agencies, other person(s)/Bodies Corporate, private placement or otherwise, provided that the aggregate amount so borrowed shall not exceed Rs. 100 Crores, together with interest thereon and all costs, expenses and other monies payable by the Company to the lending agencies.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the ICICI, the abovementioned Bankers and/or any other Financial Institutions/Banks/any other Lending Agencies, the documents necessary for creating the mortgage and/or the charge as aforesaid and to execute all such deeds, documents and to do all such deeds, acts, matters and things as may be necessary for giving effect to the above resolution."

10. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to acquire/purchase any of its own fully paid equity shares (hereinafter referred to as Buy Back of "own equity shares"), from the existing shareholders of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the shares (odd lots), from out of its free reserves, or out of the share premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms and conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the equity shares so bought back/purchased shall not exceed 15% of the equity shares of the Company.

RESOLVED FURTHER THAT the equity shares so purchased/acquired by the Company as aforesaid may at the discretion of the Board (for which the Board is hereby



specifically authorised) be cancelled and/or reissued provided, however, in case the shares are reissued, they shall be reissued only after the expiry of such minimum lock-in-period as may be provided for under the Companies Act, 1956 including any statutory modifications thereto and/or any enactment for the time being in force and as may be in force from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may in its absolute discretion, deem necessary or desirable and to settle all questions and matters arising out of and incidental to the proposed buy back of "own equity shares".

11. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification thereto or any re-enactment thereof for the time being in force) the Articles of Association of the Company be altered as under:

Following clause (a) be and is hereby added to the existing Article 66(1):

Clause(a) of Article 66(1):

Notwithstanding anything to the contrary contained in this Articles of Association, the Company shall have the power, subject to and in accordance with all applicable provisions of the Act and/or any re-enactment for the time being in force, to purchase any of its own fully paid shares and may either reissue or cancel the same."

By Order of the Board

VITHAL P. KULKARNI
Company Secretary

Registered Office:
Construction House,
5, Walchand Hirachand Marg,
Ballard Estate,
Mumbai-400 001
Place: Mumbai
Dated: September 19, 1997

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 1st November, 1997 to Wednesday, the 19th November, 1997 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto and forms part of the Notice.
4. Dividend, if declared, will be payable to those members whose names appear on the Company's Register of Members as on Wednesday, the 19th November, 1997.
5. Shareholders are requested to intimate the change in address if any, to the Company's Registrar and Share Transfer Agent, M/s. MCS Ltd., at "Sri Venkatesh Bhawan", Plot No. 27, Road No. 11, MIDC Area, Andheri (East), Mumbai-400 093.
6. The unclaimed dividends upto the Company's financial year ended 30th June, 1993, have been transferred to the General Revenue Account of the Central Government pursuant to Sub-section 5 of Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrants upto the financial year ended 30th June, 1993, are requested to claim the same from the Registrar of Companies, Maharashtra, Fancy Corporation Bldg., Hakoba Compound, Kalachowki, Mumbai-400 033.

By Order of the Board

VITHAL P. KULKARNI
Company Secretary

Registered Office:
Construction House,
5, Walchand Hirachand Marg,
Ballard Estate,
Mumbai-400 001
Place: Mumbai
Dated: September 19, 1997

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 7

The Board of Directors at its meeting held on November 5, 1996, have appointed Shri D.M. Savur as an Additional Director with effect from November 8, 1996, and he holds office upto the date of 71st Annual General Meeting. It is, therefore, necessary to pass a resolution appointing him as a Director. Notices as required under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- each have been received from some members signifying their intention to propose Shri D.M. Savur as a candidate for the office of Director of the Company.

Except Shri D. M. Savur no other Director is interested in the resolution.

Item No. 8

Shri Ajit Gulabchand was re-appointed as the Managing Director of the Company with effect from April 1, 1993 for a period of 5 years and the present term of office of Shri Ajit Gulabchand as the Chairman & Managing Director of the Company would expire on 31st March, 1998. The Board of Directors of the Company felt that it was in the interest of the Company that he be re-appointed as the Chairman & Managing Director for a further period of 5 years. The Board of Directors at its meeting held on September 19, 1997 has accordingly re-appointed him as the Chairman & Managing Director for a further period of 5 years with effect from 1st April, 1998, subject to the approval of the shareholders.

The above proposal is made on the strong recommendation of the Board of Directors who have duly taken into account Shri Ajit Gulabchand's experience, expertise and in particular, contribution made by him in the progress of the Company.

The principal terms and conditions governing the payment of remuneration and perquisites proposed to be paid to Shri Ajit Gulabchand with effect from April 1, 1998 are set out in the draft Agreement referred to in the resolution:

The material provisions of the draft agreement are as follows:

1. Period of Agreement:

5 years with effect from April 1, 1998.

2. Remuneration:

(a) Salary:

Salary of Rs. 1,00,000 – 12,500 – 1,50,000 per month.

(b) Commission:

Commission on the net profits of the Company shall be allowed in addition to salary and perquisites.

The payment of commission shall be subject to the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.

3. Perquisites and Allowances:

In addition to the above, the Chairman & Managing Director shall be entitled to the following perquisites restricted to an amount equal to the annual salary. Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

This will comprise of house rent allowance, leave travel concession, medical reimbursement, fees on clubs and personal accident insurance. These will be provided for as under:

(i) Housing I:

The expenditure by the Company on hiring furnished accommodation for the Chairman & Managing Director will be subject to the following ceiling:

Sixty percent of the salary, over and above ten percent payable by the Chairman & Managing Director.

Housing II:

In case the accommodation is owned by the Company, ten percent of the salary of the Chairman & Managing Director shall be deducted by the Company.

Housing III:

In case no accommodation is provided by the Company, the Chairman & Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, subject to a ceiling of ten percent of the salary of the Chairman & Managing Director.

(ii) Medical Reimbursement:

Expenses incurred for the Chairman & Managing Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave Travel Concession:

For the Chairman & Managing Director and his family once in a year incurred in accordance with the rules specified by the Company.

(iv) *Club Fees:*

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(v) *Personal Accident Insurance:*

Premium not to exceed Rs. 4,000/- per month.

Explanation:

For the purpose of Category 'A', 'family' means the spouse the dependent children and dependent parents of the Chairman & Managing Director.

CATEGORY 'B'

- (i) Company's contribution towards Provident Fund as per the rules of the Company.
- (ii) Company's contribution towards superannuation fund as per the rules of the Company, but not exceeding 15% of the salary.
- (iii) Company's contribution towards Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (iv) Gratuity as per rules of the Company but shall not exceed half a month's salary for each completed year of service.
- (v) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Chairman & Managing Director.

- 4. Earned/Privilege leave on full pay and allowances shall be as per rules specified by the Company but not more than one month leave for every eleven months of service.
- 5. Reimbursement of entertainment expenses incurred in the course of business of the Company.

Notwithstanding anything herein contained, where in any financial year, during the currency of the tenure of the Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company may pay him the remuneration by way of Salary, and Perquisites as specified above.

Shri Ajit Gulabchand, Chairman & Managing Director shall not, so long as he functions, as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

The Agreement may be terminated by either party giving the other party six months notice in writing.

The Draft Agreement to be entered into between the Company and Shri Ajit Gulabchand is available for inspection by the members of the Company at the Registered Office of the Company between 11 a.m. and 1 p.m. on any working day of the Company till the date of the ensuing Annual General Meeting.

Shri Ajit Gulabchand is concerned and/or interested in his appointment as the Chairman & Managing Director and the remuneration payable to him. No other Director is concerned or interested in the resolution.

This may be treated as an abstract of the terms of reappointment of Shri Ajit Gulabchand as the Chairman & Managing Director and Memorandum of Interest pursuant to Section 302 of the Companies Act, 1956.

Item No. 9

At the 68th Annual General Meeting of the Company held on 12th October, 1994, the members have given their approval under Section 293(1)(a) of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company in favour of State Bank of India, the Lead Banker and its then Consortium Bankers namely, Indian Bank, State Bank of Patiala, Union Bank of India, Dena Bank and Bank of Baroda, to secure the Working Capital Credit facilities aggregating to Rs. 197.40 Crores lent/and advanced or any other increased or enhanced credit facilities that may be lent or agreed to be lent and advanced by the Consortium Bankers.

Subsequently, some new Bankers have entered into Consortium and the Working Capital Credit facilities have been enhanced from Rs. 197.40 Crores to Rs. 490 Crores and these limits are likely to be enhanced upto Rs. 800 Crores by the State Bank of India, (the Lead Banker) and its Consortium Bankers namely, Dena Bank, Bank of Baroda, Union Bank of India, Indian Bank, State Bank of Patiala, The Vysya Bank Ltd., ICICI Banking Corporation Ltd. The Global Trust Bank Ltd., Bank Internasional Indonesia, and these limits may be enhanced further in future to meet the working capital requirements of the Company.

The Company has borrowed Rs. 10 Crores (Rupees Ten Crores only) as a Term Loan from The Industrial Credit and Investment Corporation of India Limited (ICICI) to meet the long term fund requirements of the Company.

In order to finance the projects to be undertaken by the Company in near future and/or to meet the long term project linked/normal capital expenditure and to augment the working capital requirements of the Company, the Company may have to borrow such sums of money by way of loans/financial assistance as may be required from time to time from Financial Institutions, State Finance Corporation, Banks and/or other lending agencies or by issue of Debentures/Bonds and/or any other instruments for an aggregate amount not exceeding Rs. 100 Crores.

As the above Term Loan, Working Capital Credit facilities/and/or other borrowings already obtained/borrowed/availed, and/or that may hereafter be obtained/borrowed/availed by the Company from various Financial Institutions/State Finance Corporation, Banks and other lending agencies have to be secured by creation of mortgage and/or charge on immovable and other movable properties of the Company. Section 293(1)(a) of the Companies Act, 1956 provides *inter alia*, that the Board of Directors of a Public Company shall not, without the consent of such Company in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertakings of the Company. The creation of such security on Company's immovable, movable assets of the Company is not to be considered as disposal of the properties/undertakings. However, by way of an abundant caution the consent of the shareholders is being sought in terms of Section 293(1)(a) of the Companies Act, 1956.

Item No. 10

Members are aware that the Companies Act, 1956 presently restricts the purchase of own shares by a Company except in case of reduction of capital pursuant to the applicable provisions of the Companies Act, 1956. Necessary legislation is currently under consideration by the government which proposes to provide the flexibility to the Companies to buy their own shares subject to such conditions and stipulations as may be provided for in the legislation.

It is proposed to buy back fully paid equity shares of the Company not exceeding 15% of the equity shares of the Company from the existing equity shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than the market lots of the shares (odd lots) subject to necessary enactment in this regard.

The buy back of equity shares as aforesaid would entail investing of an amount which would not be less than the

market value of the shares and shall be met out of the free reserves and/or share premium account and/or out of the proceeds of the issue specifically made for the purpose.

It is further proposed that the shares so purchased or acquired at the discretion of the Board may either be cancelled and/or reissued. In case the Board considers to reissue the shares so purchased or acquired, the same shall be issued only after the expiry of the minimum lock-in-period laid out in the applicable legislation.

Your Directors, therefore, consider essential to obtain necessary shareholders' approval enabling the Company to buy back its own shares subject to such stipulations and conditions as may be provided for in the applicable legislation in force.

The resolution if approved will be operative and will be given effect within a period of 15 months from the applicable date.

Your Directors recommend the resolution for your approval. None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No. 11

It is proposed to add new clause(a) to the existing Article 66(1) as set out at Item No. 11 of the notice to enable the Company to purchase any of its own shares and to either have them cancelled and/or reissued in accordance with the provisions of law for the time being in force. In the event it is permitted by law for purchase by a Company of its own shares, the amendment to Articles of Association as proposed confers a power to the Company for the said purpose.

Pursuant to the provisions of the Companies Act, 1956, a Company may by a Special Resolution alter its Articles of Association. Accordingly, your Directors recommend the resolution for your approval. None of the Directors of the Company is in any way concerned or interested in the resolution.

By Order of the Board

VITHAL P. KULKARNI
Company Secretary

Registered Office:

Construction House,
5, Walchand Hirachand Marg,
Ballard Estate,
Mumbai-400 001

Place: Mumbai

Dated: September 19, 1997



Directors' Report

To The Members of
Hindustan Construction Co. Ltd.

1. Report

Your Directors are pleased to present the 71st Annual Report together with the Audited Accounts for the year ended 30th June, 1997.

2. Financial Highlights

	Year ended June 30, 1997	(Rs. in Lacs)	Year ended June 30, 1996
Turnover	<u>31170.13</u>		<u>24695.24</u>
Profit before interest, depreciation and tax	3056.19		3178.85
Less: (i) Interest	1725.69	1255.18	
(ii) Depreciation	<u>922.99</u>	<u>523.04</u>	
	<u>2648.68</u>		<u>1778.22</u>
Profit after interest and depreciation	407.51		1400.63
Less: Provision for taxation	<u>83.00</u>		<u>350.00</u>
Profit after taxation	324.51		1050.63
Less: Taxes paid for earlier years	<u>43.56</u>		<u>—</u>
	<u>280.95</u>		<u>1050.63</u>
Add: Balance brought forward from last year	<u>1465.02</u>		<u>789.81</u>
	<u>1745.97</u>		<u>1840.44</u>
Add: Transferred from:			
(i) Debenture Redemption Reserve	12.50		77.35
(ii) Investment Allowance (Utilised) Reserve	<u>590.78</u>		<u>—</u>
	<u>2349.25</u>		<u>1917.79</u>
Appropriations:			
(a) Proposed Dividend	200.33		304.84
(b) Tax on Proposed Dividend	20.03		—
(c) Debenture Redemption Reserve	892.30		22.93
(d) Foreign Project Reserve	16.25		—
(e) General Reserve	<u>50.00</u>		<u>125.00</u>
Balance carried to Balance Sheet	<u>1170.34</u>		<u>1465.02</u>