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Hindustan Construction Co. Ltd.



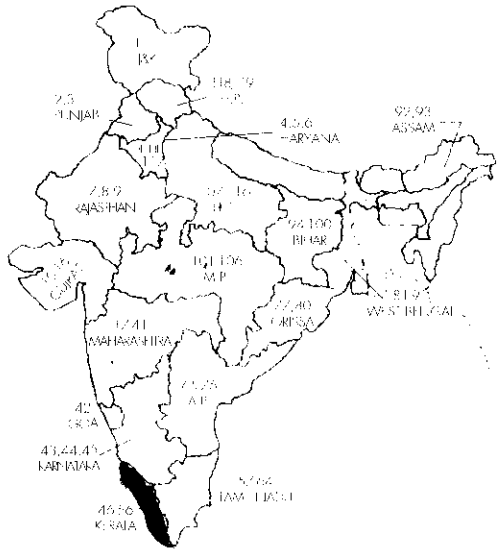
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Contribution in the Nation Building



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 Kapurthala.

HARYANA:
4. Road Bridge at Palwal.
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. Panvel 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. Ambernath/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 Powerhose 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 (*).
40. Construction of Concrete Spillway for Gosikhurd Spillway Dam – Nagpur (*).
41. Construction of Mumbai-Pune Expressway section B Chowk, Adoshi (*).

GOA:
42. Goa Barge Berth at Marmagoa.

KARNATAKA:
43. Tunnel and Powerhouse at Sharavati.
44. Dockwork for MPT at Mangalore.
45. Kadra Dam.

KERALA:
46. Tanker Terminal and Fertiliser Berth at Cochin.
47. Dam across Kulamavu.
48. Dam at Peppara.
49. Dam across Idamalayar.
50. Double Curvature Arch Dam at Idukki and Dam across River Cheruthoni.
51. Lower Periyar Tunnel Power Project.
52. Dam across Moozhiyar and Veluthodu, (Kakkad).
53. Sabarigiri Dam.
54. Wellington Bridge Works, Cochin.
55. Lower Periyar Dam and Powerhouse.
56. Brahmpauram Diesel Power Plant.

TAMIL NADU:
57. Civil Works for Kadamparai Pumped Storage Project.
58 Lower Mettur Barrages, Substructure and Powerhouse.
59. Ore Berth, Oil Jetty, Trawler Wharf at Chennai.
60. Sewage Treatment Plant at Koyambedu, Chennai.
61. Upper Nirar Tunnel.
62. Navamalai Tunnel.
63. Ennore Port-Rock Quarrying and Transportation Works(*).
64. Breakwater construction for New Port at Ennore, Chennai(*).

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

ORISSA:
77. Dam at Upper Kolab.
78. Road Bridge across Mahanadi.
79. Syphones at Kuakhai and Khushbhadra.
80. Naraj Barrage, New Cuttack(*).

WEST BENGAL:
81. Farakka Barrage.
82 Mahananda Barrage.
83 Calcutta Metro Railway Tunnel and Subway Structures.
84. Teesta Barrage.
85. Haldia Docks Project.
86. Environmental Engineering Works at Calcutta.
87. Kalyani Bridge.
88. Earthworks for Farakka STPP.
89. Dauk Barrage.
90. 1 No. 220 M. High RCC Chimney for Kolghat TPS.
91. Underwater cutting of Protective Shield and Sheet Piles in front of intake gates for KTPP.

ASSAM:
92 Brahmaputra Bridge at Amingaon and Tezpur.
93. Civil Works for Refinery at Guwahati.

BIHAR:
94. Sone Barrage.
95. Ganga Bridge at Mokameh.
96. Civil Works for Barauni Thermal Power Plant.
97. Chandil Dam.
98. Crossing over River Ganga for BSEB.
99. Panchet Powerhouse for DVC.
100. Icha Dam.

MADHYA PRADESH:
101. Satpura TPS
102. Tons Road Bridge.
103. Bhilai Steel Plant.
104. Tons Hydel Project, Lot I & II
105. Road Bridge over Indravati River.
106. Bailadila Project

UTTAR PRADESH:
107. Maneri Bhali Hydel Project.
108 Civil Works for Narora Atomic Power Project.
109. Rihand Dam.
110 Civil Works and Chimney for Rihand STPP.
111. Sharda and Ghogra Barrages.
119. Yamuna Hydel Project.
113. Gomti Aqueduct.
114. Sai Aqueduct.
115. Varanasi Bridge.
116. Malvika Steel Works.

DELHI:
117. Water and Sewage Treatment Plants.

HIMACHAL PRADESH:
118. Power Tunnel and Underground Powerhouse for Chamera Hydel Power Project.
119. Head Race Tunnel for Nathpa Jhakri Joint Venture(*).

BHUTAN:
120. Construction of Concrete Dam and Appurtenent works for Kunchu Hydro Electric Project, Bhutan(*).
121. Construction of Dam Inlake Desilting chamber and part head race tunnel for Tala Hydro-Electric Project, (Package C-1) Bhutan(*).
122. Construction of part Head Race Tunnel (Package C 4) for Tala Hydro-Electric Project, Bhutan(*).

* PROJECTS IN PROGRESS.

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BOARD OF DIRECTORS

Shri Ajit Gulabchand, Chairman & Managing Director
Shri R. S. Shastri [upto 26.8.1999]
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 (Technical & Business Development)]
Shri Ram P. Gandhi [w.e.f. 26.8.1999]

COMPANY SECRETARY

Shri Vithal P. Kulkarni

AUDITORS

K. S. Aiyar & Co.
Chartered Accountants

ADVOCATES & SOLICITORS

Mulla & Mulla and Craigie, Blunt & Caroe
Kanga & Co.

BANKERS

State Bank of India
Indian Bank
State Bank of Patiala
Union Bank of India
National Bank of Malawi
Bank of Baroda
Dena Bank
The Vysya Bank Limited
Global Trust Bank Ltd.
ICICI Banking Corporation Ltd.
Bank Internasional Indonesia
IDBI Bank Ltd.
Punjab National Bank
Fedral Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENTS

MCS Ltd.
"Sri Venkatesh Bhawan",
Plot No. 27, Road No. 11,
MIDC Area,
Andheri (East),
Mumbai-400 093

REGISTERED OFFICE

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

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ANNUAL GENERAL MEETING at 4.00 P.M. on Tuesday, the 26th October, 1999 at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020.

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Notice

Notice is hereby given that the Seventythird Annual General Meeting of the Shareholders of Hindustan Construction Company Limited will be held on Tuesday, the 26th October, 1999 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, 1999, 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 Y. H. Malegam, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S. R. Halbe, who retires by rotation and being eligible, offers himself for reappointment.
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 reappointed 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 reappointed 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 consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Shri Ram P. Gandhi, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 26th August, 1999, and who holds office upto the date of 73rd Annual General Meeting of the Company to be held on 26th October, 1999 under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received notices in writing under Section 257 of the Companies Act, 1956 from some shareholders signifying their intention to propose Shri Ram P. Gandhi as a candidate for the office of a Director be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the Company do waive recovery of Rs. 3,46,239/- being the excess remuneration as per Schedule XIII of the Companies Act, 1956 (but in conformity with the resolution of the shareholders passed at the 71st Annual General Meeting held on 19th November, 1997) paid to Shri Ajit Gulabchand, Chairman & Managing Director of the Company and do apply to the Central Government under the provisions of Section 309(5B) of the said Act and all other applicable provisions for permission to waive recovery thereof, namely, recovery of the amount of the remuneration in excess of the statutory permissible remuneration in case of loss or inadequacy of profits [i.e. Rs. 87,500 per month (Rs. 10,50,000 per annum)] as provided in the said Act read with Schedule XIII of the said Act for the financial year ended 30th June, 1999 and all future years i.e. the residual period of the present term of appointment expiring on 31st March, 2003, as long as the remuneration paid or payable to Shri Ajit Gulabchand is as per resolution passed at the 71st Annual General Meeting of the Company held on 19th November, 1997."
9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the Company do waive recovery of Rs. 2,20,378.68 being the excess remuneration as per Schedule XIII of the Companies Act, 1956 (but in conformity with the resolutions of the shareholders passed at the 70th Annual General Meeting held on 5th November, 1996 and 72nd Annual General Meeting held on 29th October, 1998) paid to Shri K. G. Tendulkar, Executive Director (Operations) of the Company and do apply to the Central Government under the provisions of Section 309(5B) of the said Act and all other applicable provisions for permission to waive recovery thereof, namely, recovery of the amount of the

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remuneration in excess of the statutory permissible remuneration in case of loss or inadequacy of profits [i.e. Rs. 87,500 per month (Rs. 10,50,000 per. annum)] as provided in the said Act read with Schedule XIII of the said Act for the financial year ended 30th June, 1999 and all future years i.e. the residual period of the present term of appointment expiring on 7th November, 2003, as long as the remuneration paid or payable to Shri K. G. Tendulkar is as per resolution passed at the 70th Annual General Meeting of the Company held on 5th November, 1996 and 72nd Annual General Meeting of the Company held on 29th October, 1998."

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

"RESOLVED THAT the Company do waive recovery of Rs. 3,55,993.15 being the excess remuneration as per Schedule XIII of the Companies Act, 1956 (but in conformity with the resolutions of the shareholders passed at the 70th Annual General Meeting held on 5th November, 1996 and 72nd Annual General Meeting held on 29th October, 1998) paid to Shri M. D. Khattar, Executive Director (Technical & Business Development) of the Company and do apply to the Central Government under the provisions of Section 309(5B) of the said Act and all other applicable provisions for permission to waive recovery thereof, namely, recovery of the amount of the remuneration in excess of the statutory permissible remuneration in case of loss or inadequacy of profits [i.e. Rs. 87,500 per month (Rs. 10,50,000 per annum)] as provided in the said Act read with Schedule XIII of the said Act for the financial year ended 30th June, 1999 and all future years i.e. the residual period of the present term of appointment expiring on 3rd September, 2001, as long as the remuneration paid or payable to Shri M. D. Khattar is as per resolution passed at the 70th Annual General Meeting of the Company held on 5th November, 1996 and 72nd Annual General Meeting of the Company held on 29th October, 1998.

By Order of the Board

VITHAL P. KULKARNI
Company Secretary

Registered Office:
Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai - 400 083

Place : Mumbai
Dated : 26th August, 1999

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY 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 Tuesday, the 12th October, 1999 to Tuesday, the 26th October, 1999 (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 26th October, 1999.

5. Shareholders are requested to intimate the change in address if any, to the Company's Registrar and Share Transfer Agents, M/s. MCS Ltd., at "Sri Venkatesh Bhawan", Plot No. 27, Road No. 11, MIDC Area, Andheri (East), Mumbai - 400 093.

6. The unclaimed dividend upto the Company's financial Year ended 30th June, 1995, has been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Members who have not encashed their dividend warrants upto the financial year ended 30th June, 1995, 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:
Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli West,
Mumbai - 400 083

Place : Mumbai
Dated : 26th August, 1999

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Annexure to the Notice

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

Item No. 7

Shri Ram P. Gandhi was appointed as an Additional Director of the Company by the Board of Directors on 26th August, 1999 under the provisions of Section 260 of the Companies Act, 1956 read with Article 135 of the Articles of Association of the Company and he would hold office upto the date of 73rd Annual General Meeting to be held on 26th October, 1999. It is, therefore, necessary to pass a resolution appointing him as a Director of the Company. The Company has received notices in writing under Section 257 of the Companies Act, 1956 from some members along with a deposit of Rs. 500/- each, signifying their intention to propose Shri Ram P. Gandhi for the office of Director of the Company.

Shri Ram P. Gandhi is interested in the resolution since it concerns him.

Item No. 8

For the year ended 30th June, 1999, the minimum remuneration of Shri Ajit Gulabchand, Chairman & Managing Director as per General Body's Resolution passed at the 71st Annual General Meeting held on 19th November, 1997 is Rs. 13,96,239/- (excluding Company's contribution to Provident Fund and Superannuation Fund) as against Rs. 10,50,000/- worked out on the basis of the provisions of Schedule XIII of the Companies Act, 1956. The recovery of Rs. 3,46,239/- (being the difference between Rs. 13,96,239/- and Rs. 10,50,000/-) is proposed to be waived subject to permission of the Central Government. In future years as well, if the net profits of the Company are not adequate to pay to Shri Ajit Gulabchand, Chairman & Managing Director, the minimum remuneration in terms of the Resolution passed by the General Body at the 71st Annual General Meeting held on 19th November, 1997 it would become necessary to waive as also to apply to the Central Government for its permission to waive the recovery of the excess remuneration over Rs. 10,50,000/- or the corresponding amount under the then prevailing provisions of Schedule XIII of the said Act. The Resolution, as placed before the meeting, takes care of this during the period of present appointment, i.e. upto 31st March, 2003.

In view of the fact that the Resolution dated 19th November, 1997 passed at the 71st Annual General Meeting of the Company fixing remuneration by way of salary, allowances and perquisites as specified in the said Resolution to be also the minimum remuneration where, in any financial year during the currency of tenure of Shri Ajit Gulabchand, Chairman & Managing Director, the Company has no profits or its profits are inadequate, it is, strictly speaking, not necessary for the General Body to once again reiterate that position. However, it is apprehended that while considering the application for waiver by the Company under the provisions of Section 309(5B) of the said Act, the Central Government may require a specific Resolution of the General Body of shareholders to such waiver of recovery of remuneration in excess of that permitted under Schedule XIII of the Companies Act, 1956, although the remuneration is not in excess of the Resolution of the General Body of shareholders passed at 71st Annual General Meeting held on 19th November, 1997. To take care of this, out of abundant caution, the Resolution at item 8 is placed before the General Body for its consideration.

In the last three years, the Company has invested Rs. 189 crores in fixed assets i.e. Plant & Machinery and Equipments for its ongoing and future projects. The absence of profits under Section 349 of the Companies Act, 1956, is mainly on account of the calculation of depreciation on the basis of the Written Down Value Method as required under Section 350 of the Companies Act, 1956, resulting in higher provision for depreciation as compared to the depreciation provided in books for the year 1998-99 on the basis of Straight Line Method. The Board is of the view that the Directors should therefore be permitted to retain the salary, perquisites and allowances as per the Agreement as approved by the Members at the 71st Annual General Meeting held on 19th November, 1997.

Shri Ajit Gulabchand is interested in the resolution since it concerns him.

Item No. 9

For the year ended 30th June, 1999, the minimum remuneration of Shri K. G. Tendulkar, Executive Director (Operations) as per General Body's Resolutions passed at the 70th Annual General Meeting held on 5th November, 1996 and 72nd Annual General Meeting held on 29th October, 1998, is Rs. 12,70,378.68 (excluding Company's contribution to Provident Fund and Superannuation Fund) as against Rs. 10,50,000/- worked out on the basis of the provisions of Schedule XIII of the Companies Act, 1956. The recovery of Rs. 2,20,378.68 (being the difference between Rs. 12,70,378.68 and Rs. 10,50,000/-) is proposed to be waived subject to the permission of the Central Government. In future years as well, if the net profits of the Company are not adequate to pay to Shri K. G. Tendulkar, Executive Director (Operations) the minimum remuneration in terms of the Resolution passed by the General Body at the 72nd Annual General Meeting held on 29th October, 1998 it would become necessary to waive as also to apply to the Central Government for its permission to waive the recovery of the excess remuneration over Rs. 10,50,000/- or the corresponding amount under the then prevailing provisions of Schedule XIII of the said Act. The Resolution, as placed before the meeting, takes care of this during the period of present appointment, i.e. upto 7th November, 2003.

In view of the fact that the Resolution dated 29th October, 1998 passed at the 72nd Annual General Meeting of the Company fixing remuneration by way of salary, allowances and perquisites as specified in the said Resolution to be also the minimum remuneration where, in any financial year during the currency of tenure of Shri K. G. Tendulkar, Executive Director (Operations) the Company has no profits or its profits are

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inadequate, it is, strictly speaking, not necessary for the General Body to once again reiterate that position. However, it is apprehended that while considering the application for waiver by the Company under the provisions of Section 309(5B) of the said Act, the Central Government may require a specific Resolution of the General Body of shareholders to such waiver of recovery of remuneration in excess of that permitted under Schedule XIII of the Companies Act, 1956, although the remuneration is not in excess of the Resolution of the General Body of shareholders passed at the 70th Annual General Meeting held on 5th November, 1996 and 72nd Annual General Meeting held on 29th October, 1998. To take care of this, out of abundant caution, the Resolution at item 9 is placed before the General Body for its consideration.

In the last three years, the Company has invested Rs. 189 crores in fixed assets i.e. Plant & Machinery and Equipments for its ongoing and future projects. The absence of profits under Section 349 of the Companies Act, 1956 is mainly on account of the calculation of depreciation on the basis of the Written Down Value Method as required under Section 350 of the Companies Act, 1956, resulting in higher provision for depreciation as compared to the depreciation provided in books for the year 1998-99 on the basis of Straight Line Method. The Board is of the view that the Directors should therefore be permitted to retain the salary, perquisites and allowances as per the respective Agreements as approved by the Members at the 70th Annual General Meeting held on 5th November, 1996 and 72nd Annual General Meeting held on 29th October, 1998.

Shri K. G. Tendulkar is interested in the resolution since it concerns him.

Item No. 10

For the year ended 30th June, 1999, the minimum remuneration of Shri M. D. Khattar, Executive Director (Technical & Business Development) as per General Body's Resolutions passed at the 70th Annual General Meeting held on 5th November, 1996 and 72nd Annual General Meeting held on 29th October, 1998 is Rs. 14,05,993.15 (excluding Company's contribution to Provident Fund and Superannuation Fund) as against Rs. 10,50,000/- worked out on the basis of the provisions of Schedule XIII of the Companies Act, 1956. The recovery of Rs. 3,55,993.15 (being the difference between Rs. 14,05,993.15 and Rs. 10,50,000/-) is proposed to be waived subject to the permission of the Central Government. In future years as well, if the net profits of the Company are not adequate to pay to Shri M. D. Khattar, Executive Director (Technical & Business Development) the minimum remuneration in terms of the Resolution passed by the General Body at the 72nd Annual General Meeting held on 29th October, 1998, it would become necessary to waive as also to apply to the Central Government for its permission to waive the recovery of the excess remuneration over Rs. 10,50,000/- or the corresponding amount under the then prevailing provisions of Schedule XIII of the said Act. The Resolution, as placed before the meeting, takes care of this during the period of present appointment, i.e. upto 3rd September, 2001.

In view of the fact that the Resolution dated 29th October, 1998 passed at the 72nd Annual General Meeting of the Company fixing remuneration by way of salary, allowances and perquisites as specified in the said Resolution to be also the minimum remuneration where, in any financial year during the currency of tenure of Shri M. D. Khattar, Executive Director (Technical & Business Development) the Company has no profits or its profits are inadequate, it is, strictly speaking, not necessary for the General Body to once again reiterate that position. However, it is apprehended that while considering the application for waiver by the Company under the provisions of Section 309(5B) of the said Act, the Central Government may require a specific Resolution of the General Body of shareholders to such waiver of recovery of remuneration in excess of that permitted under Schedule XIII of the Companies Act, 1956, although the remuneration is not in excess of the Resolution of the General Body of shareholders passed at the 70th Annual General Meeting held on 5th November, 1996 and 72nd Annual General Meeting held on 29th October, 1998. To take care of this, out of abundant caution, the Resolution at item 10 is placed before the General Body for its consideration.

In the last three years, the Company has invested Rs. 189 crores in fixed assets i.e. Plant & Machinery and Equipments for its ongoing and future projects. The absence of profits under Section 349 of the Companies Act, 1956 is mainly on account of the calculation of depreciation on the basis of the Written Down Value Method as required under Section 350 of the Companies Act, 1956, resulting in higher provision for depreciation as compared to the depreciation provided in books for the year 1998-99 on the basis of Straight Line Method. The Board is of the view that the Directors should therefore be permitted to retain the salary, perquisites and allowances as per the respective Agreements as approved by the Members at the 70th Annual General Meeting held on 5th November, 1996 and 72nd Annual General Meeting held on 29th October, 1998.

Shri M. D. Khattar is interested in the resolution since it concerns him.

By Order of the Board

VITHAL P. KULKARNI
Company Secretary

Registered Office:
Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai - 400 083

Place : Mumbai
Dated : 26th August, 1999

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DIRECTORS' REPORT

To The Members of
Hindustan Construction Co. Ltd.

1. **Report**
Your Directors are pleased to present the 73rd Annual Report together with the Audited Accounts for the year ended 30th June, 1999.

2. **Financial Highlights**

(Rs. in Lacs)

		Year ended June 30, 1999		Year ended June 30, 1998
Turnover		**62540.25**		37563.57
Profit before interest, depreciation and tax		**5973.72**		4111.09
Less : (I) Interest	**3240.68**		2416.05	
(II) Depreciation	**1671.78**		1188.07	
		4912.46		3604.12
Profit after interest & Depreciation		**1061.26**		506.97
Less : Provision for taxation		**136.60**		75.00
Profit after taxation		**924.66**		431.97
Less : Taxes paid for earlier years		**14.15**		—
		910.51		431.97
Add : Balance brought forward from last year		**657.06**		1170.34
		1567.57		1602.31
Add : Transferred from:				
(I) Debenture Redemption Reserve		**36.68**		36.99
(II) Investment Allowance (utilised) reserve		**—**		125.00
		1604.25		1764.30
Appropriations :				
a) Proposed Dividend		**300.46**		200.33
b) Tax on proposed Dividend		**33.05**		20.03
c) Debenture Redemption Reserve		**871.88**		871.88
d) General Reserve		**50.00**		15.00
Balance carried to Balance Sheet		**348.86**		657.06

3. **Operations**

The turnover of the company at Rs. 62540.25 lacs has shown a significant increase of 66% over Rs. 37563.57 lacs for the previous year. The profit before tax of Rs. 1061.26 lacs is higher as compared to Rs. 506.97 lacs for the previous year.

The new Government, which took office in the March of 1998 took several initiatives to provide impetus to the growth of the infrastructure sector. The Union Budget of 1998-99 increased public investments in infrastructure and provided fiscal incentives for the private sector to invest in infrastructure. However, these initiatives did not produce the desired results.

The nuclear tests conducted by the Government of India in the May of 1998 invited economic sanctions by the United States of America. The multilateral funding agencies like the World Bank and the Asian Development Bank were persuaded by U.S.A. to withhold approvals for all loans including those for infrastructure projects. The Japanese sponsored Overseas Economic Cooperation Fund (OECF) banned any further approvals of loans to India. Consequently, a substantial number of infrastructure projects, which are awaiting these loans, have not taken off.

Political instability, the fall of the Government in office and the announcement of elections have delayed decisions on implementing infrastructure projects for which funding was available. The Kargil offensive diverted the attention of the Government to the more urgent need of the defence of India. This again is expected to have an adverse impact on Government spending on

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infrastructure development programmes. Drastic cuts in capital expenditure by private sector and delayed and inadequate Government expenditure have created a paucity of construction jobs adversely affecting the construction industry. This has resulted in severe unhealthy competition and much thinner margins for the Industry.

Despite the slow down in the overall industrial growth, your Company has been able to declare a satisfactory performance.

The Company has received the work orders for the following projects during the year:

		Rs. lacs
i)	Tala Hydro-electric Project (1020MW), Bhutan, Contract C1-Civil works for Dam, desilting chamber, intake and head race tunnel.	32969
ii)	Tala Hydro-electric Project (1020MW), Bhutan, Contract C4-Construction of head race tunnel from Mirchingchu adit and surge shaft end.	13265
	Total	**46234**

The Tala Hydro-electric Project (1020MW) is being implemented as a part of the bilateral trade agreement between the Government of India and Royal Government of Bhutan. The project is being funded by the Government of India. Tala Hydro-electric Project is located in Chukha Dzongkhang in Western Bhutan.

The total value of works on hand as on 30th June, 1999 is over Rs. 1430 crores which includes the balance work to be done by Nathpa Jhakri Joint Venture.

Decisions are awaited from various clients for tenders submitted by Company for 9 projects amounting to over Rs. 1600 crores. The Company has been prequalified for 11 projects amounting to about Rs. 1500 crores. Tenders for these projects are expected to be submitted in the near future. The Company has also submitted prequalification bids for 19 projects worth about Rs. 4200 crores, which are under evaluation. The Company is confident of securing a sizeable share of these new projects.

The Company has signed Memorandum of Understanding with M/s. PATI SDN BHD, Malaysia, M/s. Cimmco Birla Ltd., Rajasthan, M/s. BHEL, Delhi, M/s. Clogh Engineering, Australia, M/s. Kumagaigumi, Japan, M/s. Skansa International, Sweden, M/s. Itochu Corporation, Japan, M/s. White Constructions, Australia, M/s. Gutteridge Haskins Davey Pvt Ltd., Australia, M/s. Harza Engineering, U.S.A. for various identified projects.

Your Company has also executed Joint Venture Agreements with M/s. Bechtel Water Technology Ltd., U.K. for Tirpur Water Supply Project, M/s. Hyundai Engineering & Construction Group, Korea, for cable stayed bridge at Naini, M/s. Samsung Corporation, Korea, for Dhauliganga Hydro Electric Project.

The Company has completed the following works during the year 1998-99:

1) Koyna Hydro-electric Project Stage IV, Contract II for construction of Civil Works for Pressure Shafts & Power House Complex.

2) Construction of Hathnikund Barrage and its Appurtenant Works across river Yamuna

The challenging Hathnikund Barrage in Haryana was completed by the Company three months ahead of already tight schedule of 36 months. This was possible due to use of State-of-the-art equipment for production and placement of concrete. The State Authorities viz. Haryana Govt. appreciated the Company's skill in achieving this compressed schedule.

The Works on prestigious Mumbai-Pune Expressway Project is progressing very satisfactorily. The quality of the work and the speed have both been appreciated by our client, M/s. Maharashtra State Road & Development Corporation.

The Works of Ennore Rock Quarry and Transportation is progressing ahead of schedule. The Company has already quarried and transported 2.6 million Tons of rock out of total quantity of 2.93 million Tons. The Works of Ennore Breakwater are ahead of the contract schedule. In this contract, first time in South East Asia, precast concrete blocks viz. Acropodes have been made and placed by your Company to the entire satisfaction of both, its patent holder M/s. Sogreah of France and the client, Chennai Port Trust.

At Nathpa Jhakri Tunnel Project in Himachal Pradesh which the Company is executing in Joint Venture with M/s. Impregilo of Italy, a length of 11161 metres of tunnel heading and 9733 metres of tunnel benching have been excavated. The balance heading excavation is 171 metres and the balance benching excavation is 1599 metres. The work completion is likely to be delayed due to adverse geological conditions encountered during execution of project, delayed settlement of contractual issues and unprecedented floods in the area during August, 1997. During the year, since mid February, 1999, work suffered due to agitation followed by illegal strike, followed by go-slow and again illegal strike by workmen. This also resulted in violence at site on 25th June, 1999. However, subsequent to the end of the year, settlement has been reached with the workmen resolving all issues. Accordingly steps have been taken to call back the workers and restart the work.

The slump in Real Estate market further continued this year. Similarly, the slum rehabilitation scheme in its present form is not viable and the revised scheme is yet to be announced by the Govt. of Maharashtra. As a result, the Company's Real Estate projects are delayed.

4. **Dividend**

Your Directors are pleased to recommend a dividend of Rs. 1.50 per Equity Share on 200,33,250 Shares of Rs. 10/- each for the financial year ended on 30th June 1999 as compared to Re. 1/- per Equity Share for the financial year ended June 30, 1998.

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5. **Debentures**

Funds raised by way of issue of 12.5% Partly Convertible Debentures have been fully utilised only for normal working capital needs of the Company as specified in the abstracts of the issue. In terms of Clause 4 of the Principal Terms of the Debentures of the Prospectus dated 31st August, 1990, the Company has paid Rs. 15/- per Debenture (first instalment) on 9th December, 1997 and Rs. 15/- (second instalment) on 9th December, 1998, towards redemption of the said Debentures.

6. **Subsidiary Companies**

As required under Section 212 of the Companies Act, 1956, the Audited Statement of Accounts of the subsidiaries of the Company, viz. Ganga Construction Limited, for the financial year ended 30th June, 1999, and Ucchar Investment Ltd. and Western Securities Limited for the financial year ended 31st March, 1999, alongwith the Reports of the Board of Directors and Auditors' Reports, are annexed herewith.

Your Company has formed wholly owned Subsidiary Company known as "HINCON INTERNATIONAL LIMITED" on 30th July, 1999, in Mauritius under the Mauritius laws with a view to explore the international business opportunities. The Company has invested US$50,000 towards equity capital of the Subsidiary Company.

Walchand Capital Limited holds 100,16,580 Equity Shares of your Company and these shares have now been vested with Hincon Holdings Limited, pursuant to the scheme of arrangement between Walchand Capital Limited and Hincon Holdings Private Limited under Section 391/394 of the Companies Act, 1956. The scheme is registered on 23rd July, 1999 and is effective from 1st January, 1999.

7. **Conservation of Energy, technology absorption and foreign exchange earning and Outgo.**

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules 1988, the information relating to the foregoing matters is given by way of annexure to this Report.

8. **Industrial Relations**

Apart from illegal strike and work stoppage at Nathpa Jhakri Joint Venture reported earlier in this report, the industrial relations continued to be generally peaceful and cordial.

9. **Directors**

As per the provisions of the Companies Act, 1956 read with Article 152 of the Articles of Association of the Company, Shri Y. H. Malegam and Shri S. R. Halbe, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Shri R. S. Shastri resigned as a Director of the Company with effect from 26th August, 1999. The Board of Directors places on record its appreciation of the valuable services rendered by him during his tenure as a Director of the Company. Your Board has appointed Shri Ram P. Gandhi as an Additional Director of the Company with effect from 26th August, 1999, under Section 260 of the Companies Act, 1956.

Your Directors place on record its profound sense of sorrow and grief on the sad demise of Shri Bahubali Gulabchand, the Chairman-Emeritus of the Company. Shri Bahubali Gulabchand, was closely associated with the Company as a Director and Chairman and has rendered valuable services to the Company. The Board places on record with gratitude its appreciation of the valuable contribution and services rendered by him during his tenure with the Company.

10. **Fixed Deposits**

As at the end of the financial year, Fixed Deposits amounting to Rs. 8.59 lacs remained unclaimed.

11. **Particulars of Employees and other additional information.**

The information required under Sec. 217(2A) of the Companies Act, 1956, and Rules framed thereunder is annexed hereto and forms part of the report.

12. **Auditors**

Messrs. K. S. Aiyer & Co. Chartered Accountants, Auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the effect that the proposed re-appointment, if made, will be in accordance with the limits specified under Section 224(1-B) of the Companies Act, 1956.

13. **Acknowledgements**

Your Directors wish to place on record their appreciation to the Financial Institutions, Banks, Central and State Governments and our valued investors for their continued cooperation and support.

The Board of Directors also take this opportunity to acknowledge the dedicated efforts made by workers, staff, and officers at all levels and their contribution to the success achieved by the Company.

For and on behalf of the Board of Directors

AJIT GULABCHAND
Chairman & Managing Director

Registered Office :
Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai - 400 083

Place : Mumbai
Dated : 26th August, 1999

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