The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for QIBs on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted. This Preliminary Placement Document is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted pursuant to the Placement Document.

HINDUSTAN CONSTRUCTION COMPANY LIMITED

Registered and Corporate Office: Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India
Tel: + 91 22 2575 1000; **Contact Person**: Nitesh Kumar Jha, Company Secretary and Compliance Officer; **E-mail**: secretarial@hccindia.com ; **Website**: www.hccindia.com ;
Corporate Identity Number: L45200MH1926PLC001228

Our Company was incorporated as 'The Hindustan Construction Company Limited' on January 27, 1926 under the Companies Act, 1913, in Mumbai, Maharashtra, pursuant to certificate of incorporation dated January 27, 1926 issued by the Registrar of Companies, Mumbai ("**RoC**"). Subsequently, the name of our Company was changed to 'Hindustan Construction Company Limited' with effect from October 11, 1991 and a fresh certificate of incorporation consequent upon change of name was issued on October 11, 1991 by the RoC. For further details, see "***General Information***" on page 278.

Issue of up to [●] equity shares of face value of ₹ 1 each (the "**Equity Shares**") at a price of ₹ [●] per Equity Share (the "**Issue Price**"), including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] crores (the "**Issue**"). For further details, see "***Summary of the Issue***" on page 32.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, (THE "COMPANIES ACT, 2013") READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER, EACH AS AMENDED.

Our Company's outstanding Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on December 16, 2024 was ₹ 46.07 and ₹ 46.11 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to the Issue, from BSE and NSE each dated December 16, 2024 Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBS (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES PRESCRIBED THEREUNDER, AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBS. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE COMPANIES ACT, 2013, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 44 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND THE COMPANY AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES ISSUED PURSUANT TO THE ISSUE. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORIZED FINANCIAL ADVISOR AND / OR LEGAL ADVISOR.

A copy of this Preliminary Placement Document, which includes disclosures prescribed under Form PAS-4 (as defined hereinafter), has been delivered to the Stock Exchanges. A copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) shall be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority, and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and shall not be registered as a prospectus with the RoC, shall not be circulated or distributed to the public in India or any other jurisdiction, and the Issue shall not constitute a public offer in India or any other jurisdiction.

Invitations for subscription, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document, together with the Application Form, the Placement Document and the Confirmation of Allocation Note (each as defined herein). For further details, see "***Issue Procedure***" on page 233. This Preliminary Placement Document and the Placement Document relates to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made to the public or any other class of investors. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent to any person other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws in the United States and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States, in "offshore transactions", as defined in, and in reliance on, Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described under the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively.

The information on the website of our Company and Subsidiaries, any website directly or indirectly linked to the website of our Company or Subsidiaries or on the websites of the Book Running Lead Managers (as defined hereinafter) or of their respective affiliates does not form part of this Preliminary Placement Document and prospective investors should not rely on any such information contained in or available through any such websites for their investment in this Issue.

This Preliminary Placement Document is dated December 16, 2024.

BOOK RUNNING LEAD MANAGERS

MOTILAL OSWAL INVESTMENT ADVISORS LIMITED	**ELARA CAPITAL (INDIA) PRIVATE LIMITED**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, its Subsidiaries, its Joint Ventures and its Associates (the "**Group**"), as applicable, and the Equity Shares, which we consider material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Group, as applicable, and the Equity Shares are true and correct in all material aspects, and are not misleading in any material respect, and the opinions and intentions expressed in this Preliminary Placement Document regarding our Group, as applicable and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available with our Company. There are no other facts in relation to our Group, as applicable and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

Unless otherwise stated, the information contained in this Preliminary Placement Document has been provided as of the date of this Preliminary Placement Document and neither our Company nor Motilal Oswal Investment Advisors Limited and Elara Capital (India) Private Limited (the "**Book Running Lead Managers**"), have any obligation to update such information to a later date. Further, the information has been provided by our Company and from other sources identified herein. The Book Running Lead Managers have made reasonable enquiries but have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers or any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with our Group, as applicable and the Issue of the Equity Shares or their distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has neither relied on any of the Book Running Lead Managers nor on any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, or by or on behalf of the Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including SEBI, the United States Securities and Exchange Commission ("**SEC**"), any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "offshore transactions", as defined in, and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described under the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of the Company to any person, other than Eligible QIBs specified by the Book Running Lead Managers or its representatives, and those retained by Eligible QIBs to advise them with respect to their subscription of the Equity

Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document, nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, the prospective investors must rely on their own examination of our Group, as applicable, and the Equity Shares and the terms of the Issue, including the merits and risks involved. The prospective investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. The prospective investor should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any investor, purchaser, offeree or subscriber to the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares is deemed to have acknowledged, represented and agreed that it is an eligible QIB and is eligible to invest in India and in our Company under Indian law, including under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and that it is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Our Company and the Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and the QIBs shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of documents, which are qualified in their entirety by the terms and conditions of such documents.

The information on website of our Group, including the website of our Company, i.e. www.hccindia.com, and any website directly and indirectly linked to the website of our Group or on the website of the Book Running Lead Managers and of its affiliates, does not constitute or form part of this Preliminary Placement Document. The prospective investors should not rely on any such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information to investors in certain other jurisdictions, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in this Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Book Running Lead Managers, as follows:

1. You are a "**Qualified Institutional Buyer**" as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under the applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable laws in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

2. You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

3. If you are a person resident outside India and a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India, and are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and that you are investing under Schedule II of the FEMA Rules. Further, since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI under the SEBI FVCI Regulations. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;

4. You will provide the information as required under the Companies Act, 2013, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable laws, for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number, occupation, nationality, category and bank account details and other such details as may be prescribed or otherwise required even after the closure of the Issue;

5. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the floor of the Stock Exchanges. Please note additional restrictions may apply if you are in the United States. For further details, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively;

6. You are aware that this Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC or SEBI under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed, verified or affirmed by SEBI, the RBI, the RoC, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document has been filed and the Placement Document shall be filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;

7. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied and shall comply

with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

8. Neither our Company, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue. Neither the Book Running Lead Managers nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you and are not in any way acting in any fiduciary capacity;

9. All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. None of our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

10. You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Book Running Lead Managers;

11. You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 233, 246 and 251, respectively;

12. You have been provided a serially numbered copy of this Preliminary Placement Document, and have read it in its entirety, including in particular the "***Risk Factors***" on page 44;

13. In making your investment decision, you have (i) relied on your own examination of our Company, its Subsidiaries, its Joint Ventures and its Associates (collectively, the "**Group**"), and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Group, as applicable, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

14. Neither our Company, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a service provider solely engaged by you and will

not rely on the Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the purchase, ownership and disposal of Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, either of the Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

15. You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions; and you and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

16. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make (and you hereby make) the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to ‘you’ to include such accounts;

17. You are not a ‘promoter’ of our Company (as defined under the SEBI ICDR Regulations or the Companies Act, 2013), and are not a person related to the Promoters, in a manner set out in paragraph 18 below, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent the Promoters or Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

18. You have no rights under a shareholders’ agreement or voting agreement entered into with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on our Board of Directors, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights solely in the capacity of a lender shall not be deemed to be a person related to our Promoters);

19. You have no right to withdraw your Bid or revise your Bid downwards after the Issue Closing Date (as defined hereinafter);

20. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

21. The Bid made by you would not ultimately result in triggering an open offer under the SEBI Takeover Regulations (as defined hereinafter);

22. The number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size (as defined hereinafter). For the purposes of this representation:

   a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

   b. 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations;

23. You are aware that in relation to the Issue, (i) in-principle approval has been received from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges only after Allotment, and that there can be no assurance that such approvals will be obtained on time or at all. None of our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

24. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

25. You are aware that in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Managers;

26. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that the Issue is subject to our Company making necessary filings with the RoC as may be required under the Companies Act, 2013;

27. You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

28. You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures being made by our Company;

29. You are aware and understand that the Book Running Lead Managers have entered into a placement agreement with our Company, whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their best efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

30. The contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Managers nor any person acting on its or their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published

by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or our Company or any other person and neither the Book Running Lead Managers nor our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them and the Book Running Lead Managers and its affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

31. Neither the Book Running Lead Managers nor any of its affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

32. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

33. Either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue (the "**Company Presentations**"); or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have the knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations included any material misstatements or omissions, and, accordingly you acknowledge that Book Running Lead Managers have advised you not to rely in any way on any such information that was provided to you at such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information relating to our Company and this Issue that was not publicly available;

    You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. For more information, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively;

34. You are outside the United States and are purchasing the Equity Shares in an "offshore transaction", as defined in, and in reliance on Regulation S and in compliance with laws of all jurisdictions applicable to you and are not our Company's or the Lead Managers' affiliate or a person acting on behalf of such an affiliate;

35. You are not acquiring or subscribing for the Equity Shares as a result of any "general solicitation" or "general advertising" (as those terms are defined in Regulation D under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively;

36. You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated or in a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, Government of India, and Rule 6 of the FEMA Rules;

37. You are aware and understand that submission of a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Managers;

38. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Company and the Book Running Lead Managers and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

39. You acknowledge that our Company, the Book Running Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others can rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable;

40. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Group which is not set forth in this Preliminary Placement Document; and

41. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended ("**SEBI FPI Regulations**"), FPIs including the affiliates of the Book Running Lead Managers, who are registered as category I FPIs can issue, subscribe and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such P-Notes. Such P-Notes can be issued post compliance with all applicable laws, including the KYC norms and such other conditions as specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless the conditions specified under Regulation 21 of SEBI FPI Regulations are complied with. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document or the Placement Document. Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) is not permitted to be 10.00% or above of our post-Issue paid-up Equity Share capital on a fully diluted basis. The SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50.00% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI investments and P-Notes position held in the underlying company. Further, the Eligible FPIs are permitted to invest in the Equity Shares of our Company, subject to the restrictions and limits on the Foreign Portfolio Investment as specified in the section "***Issue Procedure***" on page 233.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of P-Notes.

For information on the limits of foreign investment in our Company, please see "***Risk Factors – 63. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares*** on page 78.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and do not constitute any obligations of or claims on the BRLMs.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations. Also see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;

(2) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company,

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the 'Company', the 'Issuer' are to Hindustan Construction Company Limited and references to 'we', 'us' or 'our' are to Hindustan Construction Company Limited together with its Subsidiaries, Joint Ventures and its Associates, on a consolidated basis.

Currency and units of presentation

In this Preliminary Placement Document, all references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India, and references to 'USD', 'U.S. Dollars' and 'US$' are to the legal currency of the United States, 'Euro', 'EUR', '€' and 'Euros' are to the legal currency of the European Union and 'CHF', 'Fr.', 'Swiss Franc' and 'Confoederatio Helvetica Franc' are to the legal currency of Switzerland. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' of 'GoI' are to the Government of India, central or state, as applicable. All references herein to the 'US' or the 'U.S.' or the 'United States' or the 'U.S.A.' are to the United States of America, its territories and possessions. All references herein to 'Japan' are to Japan and its territories and possessions. All references herein to 'Korea' are to Republic of Korea and its territories and possessions. All references herein to 'Liberia' are to Republic of Libera and its territories and possessions. All references herein to 'Namibia' are to Republic of Namibia and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. In this Preliminary Placement Document, references to "lakh(s)" represent "100,000", "million" represents "10 lakhs" or "10,00,000", "crore(s)" represents "1,00,00,000" or "10 million" or "100 lakhs", and "billion" represents "1,00,00,00,000" or "1,000 million" or "100 crore".

Financial data and other information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year', 'Fiscal' or 'FY' are to the twelve month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

Unless otherwise stated, all references to page numbers in this Preliminary Placement Document are to page numbers of this Preliminary Placement Document.

In this Preliminary Placement Document, we have included each of the audited consolidated financial statements of our Company as at and for Fiscals 2024, 2023 and 2022, prepared in accordance with Ind AS, notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act, 2013 ("**Audited Consolidated Financial Statements**").

Further, we have included the unaudited consolidated financial results for the six months ended September 30, 2024 (the "**September 2024 Financial Results**") and the unaudited consolidated financial results for the six months ended September 30, 2023 (the "**September 2023 Financial Results**", and together with September 2024 Financial Results, the "**Unaudited Consolidated Financial Results**", and together with the Audited Consolidated Financial Statements, the "**Financial Statements**").

The Audited Consolidated Financial Statements were audited by the predecessor statutory auditors of our Company, M/s. Walker Chandiok & Co. LLP, Chartered Accountants ("**Previous Statutory Auditors**"), on which they have issued the respective audit reports, each dated May 24, 2024, May 18, 2023 and May 12, 2022.

The September 2023 Financial Results were reviewed by the predecessor statutory auditors of our Company, M/s. Walker Chandiok & Co. LLP, Chartered Accountants, on which they have issued the review reports, dated November 9, 2023. The September 2024 Financial Results were reviewed by the current statutory auditors of our Company, Mukund M. Chitale & Co., Chartered Accountants, on which they have issued the review reports, dated October 29, 2024.

For further information on the Financial Statements, see "***Financial Information***" on page 279.

Certain figures contained in this Preliminary Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals, including those from or derived from the Audited Consolidated Financial Statements have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Preliminary Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Please see "***Risk Factors – Significant differences exist between Ind AS and other accounting policies, such as Indian GAAP, IFRS and U.S GAAP, which may be material to investors' assessment of our financial condition***" on page 72.

Unless otherwise stated or unless the context requires otherwise, the financial information contained in this Preliminary Placement Document as at and for the year ended March 31, 2024 is derived from the Fiscal 2024 Audited Consolidated Financial Statements, financial information as at and for the year ended March 31, 2023 is derived from comparatives presented in Fiscal 2024 Audited Consolidated Financial Statements and financial information as at and for the year ended March 31, 2022 is derived from the comparatives presented in Fiscal 2023 Audited Consolidated Financial Statements. Further, unless otherwise stated or unless the context requires otherwise, the financial information contained in this Preliminary Placement Document for the period ended September 30, 2024 is derived from the September 2024 Financial Results and for the period ended September 30, 2023 is derived from the September 2023 Financial Results.

Certain Non-GAAP Measures

In evaluating our business, we consider and use certain non-GAAP financial measures that are presented below as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as an alternative to cash flows, profit/(loss) for any year or any other measure of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or U.S. GAAP. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures have limitations as analytical tools. Further, these non-GAAP financial measures may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited and has limited usefulness. Therefore, these matrices should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and certain other industry data forecasts pertaining to our businesses contained in this Preliminary Placement Document consists of estimates based on data and reports compiled by government bodies, professional organizations, industry publications and analysts, data from other external sources and knowledge of the markets in which we compete and more particularly described in the section titled "***Industry Overview***" on page 130.

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled 'Industry Research Report on Infrastructure Sector in India' dated September 2024 ("**CARE Report**") prepared by CARE Analytics and Advisory Private Limited ("**CARE**"), which is a report exclusively commissioned and paid for by our Company pursuant to an engagement letter dated July 17, 2024 in connection with the Issue.

The CARE Report contains the following disclaimer:

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

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

Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CareEdge Research. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorized recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research.

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

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors – Certain sections of this Preliminary Placement Document contains information from CARE Report which has been commissioned and paid for by us and any reliance on such information for making an investment decision in the Issue is subject to inherent risks***" on page 69.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. The prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'goal', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'seek to', 'should', 'will', 'will continue', 'will pursue', 'would', 'expected to', 'will likely result', 'is likely', 'are likely', 'will achieve' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements and appear in a number of places throughout this Preliminary Placement Document. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by our Company or any third party), are projections, predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by such forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

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

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

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

- Our Company and our Subsidiaries are involved in outstanding legal proceedings. Any adverse outcome in any of these proceedings may adversely affect our reputation, business, operations, financial condition and results of operations;

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

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

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations"*** on pages 44, 130, 207 and 101, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure the prospective investors that such expectations will prove to be correct. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and our Company or the Book Running Lead Managers undertake no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company incorporated under the laws of India. All of our directors and key management personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India vis-à-vis the civil liabilities of our Company or such directors and executive officers under laws other than Indian laws, including judgements under the civil liability provisions of the federal securities laws of the United States.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, respectively. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained are opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign decree rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards, even if such an award is enforceable as a decree or judgment. The execution of a foreign decree under Section 44A of the Civil Procedure Code is also subject to the exception under Section 13 of the Civil Procedure Code.

Each of the United Kingdom, Republic of Singapore, United Arab Emirates and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

Our Company and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that such approval will be forthcoming within a reasonable period of time, or at all or that conditions of such approvals would be acceptable.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$) for the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the websites of RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ per US$)

	Period End(1)	Average(2)	High(3)	Low(4)
Fiscal Ended:				
March 31, 2024	83.37	82.79	83.40	81.65
March 31, 2023	82.22	80.39	83.20	75.39
March 31, 2022	75.81	74.51	76.92	72.48
Months ended:				
November 30, 2024	84.50	84.36	84.50	83.11
October 31, 2024	84.09	84.03	84.09	83.81
September 30, 2024	83.79	83.81	83.98	83.49
August 31, 2024	83.87	83.90	83.97	83.73
July 31, 2024	83.74	83.59	83.74	83.40
June 30, 2024	83.45	83.47	83.59	83.07

Source: www.rbi.org.in and www.fbil.org.in, as applicable.

Period end, high, low and average rates are based on the FBIL reference rates and rounded off to two decimal places. The RBI reference rates are rounded off to two decimal places.

Notes:

1. *The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.*
2. *Average of the official rate for each Working Day of the relevant period.*
3. *Maximum of the official rate for each Working Day of the relevant period.*
4. *Minimum of the official rate for each Working Day of the relevant period.*

In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

*The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections titled "**Taxation**", "**Industry Overview**", "**Financial Information**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Legal Proceedings**" on pages 258, 130, 279, 101 and 261, respectively, shall have the meaning given to such terms in such sections.*

General Terms

Term	Description
"the Company" or "our Company" or "the Issuer"	Hindustan Construction Company Limited, a public limited company incorporated under the Companies Act, 1913 and having its registered office at Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India
"we", "us", or "our"	Unless the context otherwise indicates or implies, refers to our Company, together with our Subsidiaries, Joint Ventures / Jointly Controlled Entities (as applicable) and Associates, on a consolidated basis

Company Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	Articles of association of our Company, as amended from time to time
Associates	The associates of our Company, being: 1. Evostate AG; 2. Evostate Immobilien AG; 3. Hegias AG; 4. Highbar Technocrat Limited; and 5. MCR Managing Corporate Real Estate AG
Audit Committee	Audit committee of our Company, as disclosed in "***Board of Directors and Senior Management***" on page 222
Audited Consolidated Financial Statements	The Audited Consolidated Financial Statements of our Group as at, and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act, including the notes thereto, and which have been approved by our Board of Directors on May 24, 2024, May 18, 2023 and May 12, 2022, respectively
"Board of Directors" or "Board" or "our Board"	The board of directors of our Company or any duly constituted committee thereof
Chairman	Chairman of the Board of Directors, namely, Ajit Gulabchand

Term	Description
"Chief Financial Officer" or "CFO"	Chief financial officer of our Company, namely, Girish Gangal
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely, Nitesh Kumar Jha
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Company, as disclosed in ***"Board of Directors and Senior Management"*** on page 222
Director(s)	The directors on the Board of our Company, as disclosed in ***"Board of Directors and Senior Management"*** on page 222
Equity Shares	Equity shares of our Company, having a face value of ₹ 1 each
Executive Director	An executive non-independent director in terms of Companies Act, 2013, as disclosed in "***Board of Directors and Senior Management***" on page 222
Fiscal 2024 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at and for the year ended March 31, 2024 (along with comparative financial statements for the financial year ended March 31, 2023) which comprises the consolidated balance sheet as at March 31, 2024 along with comparative balance sheet as at March 31, 2023, prepared in accordance with applicable accounting standards, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended March 31, 2024 and March 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information read along with the report dated May 24, 2024 thereon.
Fiscal 2023 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at and for the year ended March 31, 2023 (along with comparative financial statements for the financial year ended March 31, 2022) which comprises the consolidated balance sheet as at March 31, 2023 along with comparative balance sheet as at March 31, 2022, prepared in accordance with applicable accounting standards, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended March 31, 2023 and March 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information read along with the report dated May 18, 2023 thereon.
Fiscal 2022 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at and for the year ended March 31, 2022 (along with comparative financial statements for the financial year ended March 31, 2021) which comprises the consolidated balance sheet as at March 31, 2022 along with comparative balance sheet as at March 31, 2021, prepared in accordance with applicable accounting standards, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended March 31, 2022 and March 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information read along with the report dated May 12, 2022 thereon.
Group	Collectively, our Company (including joint operations), its Subsidiaries, its Joint Ventures and its Associates
Non-Executive Independent Director(s)	An independent Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, as disclosed in "***Board of Directors and Senior Management***" on page 222
Joint Ventures	The joint venture of our Company, being: 1. Prolific Resolution Private Limited
Key Managerial Personnel	Key managerial personnel of our Company, as disclosed in "***Board of Directors and Senior Management***" on page 222
Material Subsidiaries	Such subsidiaries which have been identified as material subsidiaries in terms of our policy for determining material subsidiaries, namely, Steiner AG, Switzerland

Term	Description
"Memorandum" or "Memorandum of Association" or "MoA"	Memorandum of association of our Company, as amended
Motilal	Motilal Oswal Investment Advisors Limited
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company, as disclosed in "***Board of Directors and Senior Management***" on page 222
Non-Executive Director	A non-independent, non-executive Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, as disclosed in "***Board of Directors and Senior Management***" on page 222
Preferences Shares	Redeemable preferences shares of our Company, having a face value of ₹ 10 each
Promoters	The promoters of our Company, namely, Ajit Gulabchand, Hincon Holdings Limited, Hincon Finance Limited and Shalaka Gulabchand Dhawan and Shalaka Investment Private Limited
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered and Corporate Office	The registered and corporate office of our Company located at Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Maharashtra at Mumbai
Senior Management	The members of the senior management of our Company in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, as disclosed in "***Board of Directors and Senior Management***" on page 222
September 2024 Financial Results	The unaudited consolidated financial results for the six months period ended September 30, 2024 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations
September 2023 Financial Results	The unaudited consolidated financial results for the six months period ended September 30, 2023 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations
Shareholders	Equity shareholders of our Company, from time to time
Stakeholders' Relationship Committee	Stakeholders' relationship committee of our Company, as disclosed in "***Board of Directors and Senior Management***" on page 222
Statutory Auditors	The current statutory auditors of our Company, namely, Mukund M. Chitale & Co., Chartered Accountants, and the previous statutory auditors of our Company, namely, Walker Chandiok & Co LLP, Chartered Accountants
Subsidiaries	Subsidiaries of our Company, being: 1. HCC Contract Solutions Limited; 2. HCC Infrastructure Company Limited; 3. HCC Mauritius Enterprises Limited; 4. HCC Mauritius Investment Limited; 5. Highbar Technologies Limited; 6. HRL Township Developers Limited;

Term	Description
	7. Maan Township Developers Limited; 8. HRL (Thane) Real Estate Limited; 9. Panchkutir Developers Limited; and The step-down Subsidiaries of our Company, being: 1. Badarpur Faridabad Tollway Limited; 2. HCC Operations & Maintenance Limited; 3. Manufakt8048 AG; 4. Narmada Bridge Tollway Limited; 5. Raiganj-Dalkhola Highways Limited; 6. Steiner (Deutscheland) GmbH; 7. Steiner AG; 8. Steiner Development AG; 9. Steiner India Limited; 10. Steiner Projekte AG 11. Steiner Promotions et Participations SA; and 12. VM & ST AG.
Unaudited Consolidated Financial Results	Collectively, September 2024 Financial Results and September 2023 Financial Results
Vice Chairman	Executive Vice chairman of the Board of Directors, namely, Arjun Dhawan

Issue Related Terms

Term	Description
"Allocated" or "Allocation"	Allocation of Equity Shares, by our Company in consultation with the Book Running Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations
"Allotment" or "Allotted" or "Allot"	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Successful Bidders to whom Equity Shares are issued and allotted pursuant to the Issue
Application Form	Serially numbered, specifically addressed bid cum application form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue
Application Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid(s)	Indication of a Bidder's interest including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder(s)	Any Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form

Term	Description
"Book Running Lead Managers" or "BRLMs" or "Lead Managers"	Motilal Oswal Investment Advisors Limited and Elara Capital (India) Private Limited
"CAN" or "Confirmation of Allocation Note"	Note or advice or intimation to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about [●]
Designated Date	The date of credit of Equity Shares pursuant to the Issue to the Allottees' demat accounts, as applicable to the relevant Allottees
Eligible FPIs	FPIs under FEMA, the SEBI FPI Regulations and any other applicable law, other than individuals, corporate bodies and family offices, that are eligible to participate in this Issue, participating through Schedule II of the FEMA Rules
Eligible QIBs	QIBs that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations. In relation to the Issue, this term shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs.
Escrow Account	Special non-interest bearing, no-lien, current bank accounts, without any cheques or overdraft facilities, opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the Application Amount shall be deposited by the Bidders and from which refunds, if any, shall be remitted to unsuccessful Bidders, as set out in the Application Form
Escrow Agent	ICICI Bank Limited
Escrow Agreement	Agreement dated December 16, 2024, entered into by and amongst our Company, the Escrow Agent and the Book Running Lead Managers for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	Floor price of ₹ 45.27 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our Shareholders accorded on September 17, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
GIR	General index registration
Issue	Offer, issuance and Allotment of Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	[●], the date after which our Company (or Book Running Lead Managers on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount
Issue Opening Date	December 16, 2024, the date on which our Company (or the Book Running Lead Managers on behalf of our Company) shall commence acceptance of the Application Forms and the Application Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹ [●], including a premium of ₹ [●]
Issue Size	Aggregate size of the Issue, up to ₹ [●] crores
Monitoring Agency	CARE Ratings Limited
Monitoring Agency Agreement	Agreement dated December 11, 2024 entered into by and between our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency in accordance with regulation 173A of the SEBI ICDR Regulations, for monitoring the Proceeds

Term	Description
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Placement Agreement	Placement agreement dated December 16, 2024 by and among our Company and the Book Running Lead Managers
Placement Document	Placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	This preliminary placement document cum application form, dated December 16, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
"QIB" or "Qualified Institutional Buyer"	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the applicable rules of the PAS Rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application Amount submitted by such Bidder pursuant to the Issue
Regulation S	Regulation S under the U.S. Securities Act
Relevant Date	December 16, 2024, which is the date of the meeting in which the Issue Committee decided to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount and who will be Allocated Equity Shares
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, Indi

Business and Industry Related Terms

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

Conventional and General Terms/ Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012

Term	Description
Arbitration Act	The Arbitration and Conciliation Act, 1996
Assessment Year	Period of 12 months ended March 31 of that particular year in respect of our Company unless otherwise stated
BSE	BSE Limited
CAGR	Compound annual growth rate
Calendar Year	Year ending on December 31
CDSL	Central Depository Services (India) Limited
CEO	Chief executive officer
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, each, as applicable
Companies Act, 1956	The erstwhile Companies Act, 1956, and the rules made thereunder
Companies Act, 2013	The Companies Act, 2013, and the rules made thereunder
CrPC	The Code of Criminal Procedure, 1973
CSR	Corporate social responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DP ID	Depository participant identification number
DPIIT	Department for Promotion of Industry and Internal Trade
EGM	Extraordinary general meeting
FBIL	Financial Benchmarks India Private Limited
FDI	Foreign direct investment
FDI Policy	Consolidated FDI policy issued by the DPIIT, Government of India, with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, and the regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FII	Foreign institutional investors
FIR	First information report
"Financial Year" or "Fiscal Year(s)" or "Fiscal"	Period of 12 months ended March 31 of that particular year in respect of our Company unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the PAS Rules
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs

Term	Description
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI thereunder
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
General Meeting	AGM or EGM
"Government" or "GoI"	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
"Income Tax Act" or "IT Act"	The Income Tax Act, 1961
"Indian Accounting Standards" or "Ind AS"	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standard) Rules, 2015, as amended
"INR" or "Rupees" or "₹" or "Indian Rupees" or "Rs."	Indian Rupees
IPC	Indian Penal Code, 1860
Member State	Each member state of the European Economic Area which has implemented the Prospectus Directive
MCA	The Ministry of Corporate Affairs, Government of India
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014
RBI	The Reserve Bank of India
SAT	Securities Appellate Tribunal
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India

Term	Description
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
SEC	United States Securities and Exchange Commission
SFA	The Securities and Futures Act Chapter 289 of Singapore
SI-NBFC	Systemically important non-banking financial companies
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Supreme Court	Supreme Court of India
VCF	Venture capital fund
"U.S.$" or "U.S. dollar" or "USD"	United States Dollar, the legal currency of the United States of America
"USA" or "U.S." or "United States"	The United States of America, its territories and possessions, any state of the United States, and the District of Columbia.
U.S. Securities Act	The United States Securities Act of 1933
Wilful Defaulter or Fraudulent Borrower	Wilful defaulter or fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations

SUMMARY OF BUSINESS

Our Company was incorporated in 1926 and is engaged in construction activities which include roads, bridges, ports, railway tunnels, metro projects, power stations, water supply and irrigation projects. Over the last nine decades, we have transformed from a construction company into a global and diversified infrastructure group. We conduct our business operations primarily through three verticals, namely, (i) engineering and construction; (ii) infrastructure development; and (iii) real estate construction, as a single operating segment of engineering and construction. While the engineering and construction business is undertaken directly by our Company, the remaining business verticals are undertaken by our Subsidiaries.

Over the years we have built various projects ranging from high quality roads and railway tunnels in Jammu and Kashmir to nuclear power plants in Rajasthan in addition to various metro stations, hydropower projects, water solutions, buildings, dams and bridges.

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

We have a robust clientele comprising various Central Government and State Government agencies such as the National Highway Authority of India ("**NHAI**"), National Hydroelectric Project Corporation ("**NHPC**"), IRCON International Limited ("**IRCON**"), Ministry of Road Transport and Highways ("**MoRTH**"), Tehri Hydro Development Corporation India Limited ("**THDCIL**"), Nuclear Power Corporation of India Limited ("**NPCIL**"), Government of Andhra Pradesh (Public Works Department) ("**GoAP-PWD**") and Delhi Metro Rail Corporation Limited ("**DMRC**"). As of June 30, 2024, majority of our Order Book comprised projects undertaken with the Central Government, State Government or other government undertakings.

As of September 30, 2024, we have a total order book of ₹ 9772.88 crore on a standalone basis and an order book of ₹ 11,355.05 crore on a consolidated basis. As of September 30, 2024, the breakdown of our Order Book for engineering and construction vertical and the real estate construction vertical, is provided below:

Vertical	Amount of Order Book (in crore)	Percentage of Order Book
Hydropower projects	2,503.07	22.04%
Transportation	4,624.53	40.73%
Water supply and irrigation	2,170.28	19.11%
Nuclear power and special projects	474.99	4.18%
Real estate construction	1,582.17	13.93%
TOTAL	**11,355.05**	**100.00%**

For Fiscals 2024, 2023 and 2022, our consolidated revenue from operation was ₹7,006.71 crore, ₹8,269.86 crore and ₹10,668.26 crore, respectively. For Fiscals 2024, 2023 and 2022, our net profit/(loss) after tax was ₹478.16 crore, ₹(27.84) crore and ₹562.74 crore, respectively. Further, for the six months period ended September 30, 2024 and September 30, 2023, our consolidated revenue from operations was ₹3,222.86 crore and ₹3,759.11 crore, respectively and the net profit/(loss) after tax from continuing operations was ₹61.47 crore and ₹49.93 crore, respectively.

The following table sets forth certain financial information on a consolidated basis as of the dates and for the periods indicated:

Particulars	As of September 30, 2024	As of September 30, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
Financial Position					
Share Capital	167.99	151.31	151.31	151.31	151.31
Reserves and Surplus	95.64	(806.72)	(319.79)	(865.69)	(810.45)
Shareholders Funds	263.63	(655.41)	(168.48)	(714.38)	(659.14)
Minority Interest	-	0.00*	0.00*	0.00*	0.00*
Loan Funds	9,743.85	10,988.95	9,227.86	13,892.48	14,884.32
Total Funds Employed	10,007.48	10,333.54	9,059.38	13,178.10	14,225.18
Fixed Assets	335.78	489.63	385.36	551.23	660.69
Intangible Assets	56.93	63.83	64.09	72.10	62.54
Investments in Associates & Joint Ventures	235.14	87.67	206.82	59.66	20.47
Deferred Tax Assets	593.24	779.85	623.43	782.02	742.68
Non-Current Tax Assets	63.57	126.13	43.48	117.46	121.54
Net Current & Non-Current Assets	8,722.82	8,786.43	7,736.20	11,595.63	12,617.25
Total Application of Funds	10,007.48	10,333.54	9,059.38	13,178.10	14,225.18
Operating Results					
Revenue from Operations	3,222.86	3,759.11	7,006.71	8,269.86	10,668.26
Other Income	45.20	54.91	132.66	53.18	158.20
Total Income	3,268.06	3,814.02	7,139.37	8,323.04	10,826.46
Total Operating Expenditure	3,185.35	3,768.12	7,253.88	8,861.52	10,655.05
Operating EBITDA	394.88	549.99	671.20	548.29	1,187.81
EBITDA Margin	12.25%	14.63%	9.58%	6.63%	11.13%
Profit / (Loss) before Tax from total operations	116.26	59.91	726.37	(90.16)	641.33
Net Profit / (Loss) after tax and share in profit / (loss) in joint ventures / associates from total operations	61.47	49.93	478.16	(27.84)	562.74
Non-Controlling Interest	-	0.00*	0.00*	0.00*	0.00*
Net Profit for Owner	61.47	49.93	478.16	(27.84)	562.74
Net Profit Margin (%)	1.91%	1.33%	6.82%	-0.34%	5.27%
Equity Share Data					
Diluted Earnings per Share	0.37	0.33	3.16	(0.19)	3.72
Number of shares	1,679,880,784	1,512,976,244	1,512,976,244	1,512,976,244	1,512,976,244

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections titled "***Risk Factors***", "***Use of Proceeds***", "***Placement***", "***Issue Procedure***" and "***Description of the Equity Shares***" on pages 44, 84, 244, 233, 256, respectively.

Issuer	Hindustan Construction Company Limited
Face Value	₹ 1 per Equity Share
Issue Price	₹ [●] per Equity Share (including a premium of ₹[●] per Equity Share)
Floor Price	₹ 45.27 per Equity Share, calculated in accordance with Regulation 176 under Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. The Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders through their special resolution passed dated September 17, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹ [●] crores, at a premium of ₹ [●] each. A minimum of 10% of the Issue Size i.e., up to [●] Equity Shares, shall be available for Allocation to Mutual Funds only and up to [●] Equity Shares should be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board resolution authorizing the Issue	August 5, 2024
Date of shareholders' resolution authorizing the Issue	September 17, 2024
Eligible Investors	Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered and who are eligible to bid and participate in the Issue. For further details, see "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions***" on page 233, 246 and 251, respectively. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered has been determined by our Company in consultation with the BRLMs.
Dividend	See "***Description of the Equity Shares***" and "***Dividends***" on pages 256 and 100, respectively.
Indian taxation	For the statement of tax benefits available to our Company and its Shareholders under the applicable laws in India, see "***Taxation***" on page 258.
Equity Shares issued and outstanding immediately prior to the Issue	1,67,98,80,784 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Listing and trading	Our Company has obtained in-principle approvals each dated December 16, 2024 in terms of Regulation 28(1)(a) of the SEBI Listing Regulations from the Stock Exchanges, for listing of the Equity Shares issued pursuant to this Issue. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approval for the Equity Shares after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Depository Participant. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.
Lock-up	For details in relation to lock-up, see "***Placement – Lock-up***" on page 244 for a description of restrictions on our Company and Promoters in relation to the Equity Shares.
Transferability restrictions	The Equity Shares to be allotted and issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, see "***Transfer Restrictions***" on page 251.
Use of proceeds	The proceeds from the Issue aggregate up to ₹ [●] crores which is proposed to be utilised for: (i) repayment and/ or pre-payment, in full or in part, of certain outstanding borrowings availed by our Company, Associates and/ or Joint Venture; (ii) augmenting our working capital; and (iii) general corporate purposes.

	See "***Use of Proceeds***" on page 84 for additional information regarding the use of proceeds from the Issue.	
Risk factors	See "***Risk Factors***" on page 44 for a discussion of risks you should consider before investing in the Equity Shares.	
Closing Date	The Allotment of the Equity Shares pursuant to the Issue is expected to be made on or about [●].	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of voting rights and dividends. The shareholders (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, see "***Dividends***" and "***Description of the Equity Shares***" on pages 100 and 256, respectively.	
Voting Rights	See "***Description of the Equity Shares – Voting Rights***" on page 256.	
Security codes for the Equity Shares	ISIN	INE549A01026
	BSE Code	500185
	NSE Symbol	HCC

SELECTED FINANCIAL INFORMATION

*The following tables set out selected financial information derived from our Audited Consolidated Financial Statements, prepared in accordance with the applicable accounting standards (Ind AS), Companies Act, 2013, as applicable, and presented in "**Financial Information**" on page 279. The selected financial information presented below should be read in conjunction with "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Information**", on pages 101 and 279, respectively, for further details. Unless stated or context requires otherwise, the financial information contained in this Preliminary Placement Document as at and for the year ended March 31, 2024 is derived from the Fiscal 2024 Audited Consolidated Financial Statements, financial information as at and for the year ended March 31, 2023 is derived from comparatives presented in Fiscal 2024 Audited Consolidated Financial Statements and financial information as at and for the year ended March 31, 2022 is derived from the comparatives presented in Fiscal 2023 Audited Consolidated Financial Statements. Further, the financial information contained in this Preliminary Placement Document for the period ended September 30, 2024, and September 30, 2023 is derived from Unaudited Consolidated Financial Results.*

SUMMARY OF CONSOLIDATED BALANCE SHEET

(₹ in crores)

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
ASSETS					
Non-current assets					
Property, plant and equipment	248.59	324.29	284.07	358.09	436.23
Right-of-use assets	83.37	158.43	93.62	186.80	217.61
Capital work-in-progress	0.67	0.12	0.84	0.12	0.68
Investment property	3.15	3.41	3.45	2.84	2.79
Goodwill	-	3.38	3.38	3.38	3.38
Other intangible assets	56.93	63.83	64.09	72.10	62.54
Investments in joint ventures and associates	235.14	87.67	206.82	59.66	20.47
Financial assets					
- Other Investments	46.49	32.10	38.56	19.11	37.90
- Trade receivables	1,431.39	937.18	703.15	670.12	235.75
- Loans	39.55	20.83	36.78	26.62	57.32
- Other financial assets	12.63	8.34	10.05	3,134.10	18.09
Unbilled work-in-progress (contract assets)	-	-	-	-	24.56
Deferred tax assets (net)	593.24	779.85	623.43	782.02	742.68
Non-current tax assets (net)	63.57	126.13	43.48	117.46	121.54
Other non-current financial assets	116.88	117.91	118.82	117.56	67.90
Total non-current assets	**2931.60**	**2,663.47**	**2,230.54**	**5,549.98**	**2,049.45**
Current assets					
Inventories	400.76	464.00	436.31	490.52	484.84
Financial assets					
- Investments	15.48	0.18	0.15	0.70	0.66
- Trade receivables	2,565.18	1,740.56	2,204.17	2,698.14	2,090.96
- Cash and cash equivalents	272.90	366.12	398.73	581.91	720.97
- Bank balances other than cash and cash equivalents	359.19	224.34	114.39	571.63	821.42
- Other financial assets	77.98	140.67	59.76	95.09	93.42
Unbilled work-in-progress (contract assets)	3,121.42	3,776.76	3,414.29	2,924.98	3,921.48
Other current assets	262.97	266.30	201.04	262.96	322.98
	7075.88	**6,978.93**	**6,828.84**	**7,625.93**	8,456.73
Assets held for sale	-	691.14	-	2.19	3,719.00
Total current assets	**7,075.88**	**7,670.07**	**6,828.84**	**7,628.12**	**12,175.73**
TOTAL ASSETS	**10,007.48**	**10,333.54**	**9,059.38**	**13,178.10**	14,225.18
EQUITY AND LIABILITIES					
Equity					
Equity share capital	167.99	151.31	151.31	151.31	151.31
Other equity	95.64	(806.72)	(319.79)	(865.69)	(810.45)
Equity attributable to owners of the parent	**263.63**	**(655.41)**	**(168.48)**	**(714.38)**	**(659.14)**
Non-controlling interest	0.00*	0.00*	0.00*	0.00*	0.00*
Total equity	**263.63**	**(655.41)**	**(168.48)**	**(714.38)**	**(659.14)**
Liabilities					
Non-current liabilities					
Financial liabilities					

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Borrowings	1,478.90	1,968.13	1,671.52	4,851.11	1,178.47
Lease liabilities	94.81	159.08	96.89	185.70	197.67
Other financial liabilities	1,610.38	1,588.19	1,470.55	1,708.73	1,554.89
Provisions	91.42	112.29	86.68	126.68	111.96
Deferred Tax Liabilities (net)	-	-	-	-	31.45
Total non-current liabilities	**3,275.51**	**3,827.69**	**3,325.64**	**6,872.22**	**3,074.44**
Current liabilities					
Financial liabilities					
Borrowings	639.61	430.57	436.95	443.41	612.71
Lease liabilities	18.55	25.18	17.18	31.35	29.15
Trade payables					
- Total outstanding dues of micro enterprises and small enterprises	95.38	120.81	90.38	134.67	80.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,097.53	2,284.50	2,383.11	2,856.54	2,978.54
Other financial liabilities	1,081.86	926.91	1,016.48	856.76	1,417.02
Other current liabilities	1,267.91	1,873.49	1,651.17	2,086.62	2,444.91
Current tax liabilities	0.70	10.53	0.21	8.97	1.24
Provisions	266.80	499.04	306.74	601.94	479.20
Total current liabilities	**6,468.34**	**6,171.03**	**5,902.22**	**7,020.26**	**8,042.77**
Liabilities for disposal group held for sale	-	990.23	**-**	**-**	**3,767.11**
TOTAL EQUITY AND LIABILITIES	**10,007.48**	**10,333.54**	**9,059.38**	**13,178.10**	**14,225.18**

** Represents amount less than ₹ 1 lakh*

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in crores)

Particulars	For the six-months period ended September 30, 2024	For the six-months period ended September 30, 2023	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
Continuing Operations					
Income					
Revenue from operations	3,222.86	3,759.11	7,006.71	8,269.86	10,668.26
Other income	45.20	54.91	132.66	53.18	158.20
Total income	**3,268.06**	**3,814.02**	**7,139.37**	**8,323.04**	**10,826.46**
Expenses					
Cost of materials consumed	297.17	415.93	862.05	1,009.64	865.06
Subcontracting expenses	1,977.28	2,195.95	4,261.65	5,395.45	7,112.79
Changes in inventories	31.71	(2.94)	10.16	-11.04	-17.14
Employee benefits expense	285.37	317.90	640.33	727.95	933.53
Finance costs	305.25	502.24	813.27	1,012.31	1,036.26
Depreciation and amortisation expense	52.12	56.76	105.10	127.64	138.34
Other expenses	236.45	282.28	561.32	599.57	586.21
Total expenses	**3,185.35**	**3,768.12**	**7,253.88**	**8,861.52**	**10,655.05**
Profit/(Loss) before share in profit of associates/ joint ventures, exceptional items and tax	82.71	45.90	(114.51)	(538.48)	171.41
Share in profit of associates/ joint ventures (net)	33.55	7.94	41.39	9.59	5.21
Profit/(Loss) before exceptional items and tax	**116.26**	**53.84**	**(73.12)**	**(528.89)**	**176.62**
Exceptional items- Gain	-	1.53	850.75	409.74	460.64
Profit/ (Loss) before tax	**116.26**	**55.37**	**777.63**	**(119.15)**	**637.26**
Tax expense / (credit)					
Current tax	25.02	3.23	89.64	4.15	25.78
Deferred tax	29.77	2.17	158.57	(70.79	39.74
Total tax expense/ (credit)	**54.79**	**5.40**	**248.21**	**(66.64)**	**65.52**
Profit / (loss) for the year from continuing operations (A)	**61.47**	**49.97**	**529.42**	**(52.51)**	**571.74**
Discontinued Operations					
Profit/ (Loss) before tax from discontinued operations	-	4.54	(51.26)	28.99	4.07
Tax expense of discontinued operations	-	4.58	-	4.32	13.07
Profit/ (Loss) after tax from discontinued operations (B)	**-**	**(0.04)**	**(51.26)**	**24.67**	**(9.00)**
Net profit/ (loss) from total operation (A) + (B)	**61.47**	**49.93**	**478.16**	**(27.84)**	**562.74**
Other comprehensive income/ (loss)					

Particulars	For the six-months period ended September 30, 2024	For the six-months period ended September 30, 2023	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
(a) Items that will not to be reclassified subsequently to statement of profit or loss (net of tax)					
- Gain/ (Loss) on remeasurement of defined benefit plans	(1.84)	0.96	49.92	(20.23)	82.49
- Gain on fair value of equity instruments (net of tax)	7.55	12.98	19.46	0.53	7.09
(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)		-			
- Translation loss relating to foreign operations	27.93	(4.90)	(1.84)	(6.06)	(4.51)
Other comprehensive income/ (loss) for the year, net of tax (C)	**33.64**	9.04	**67.54**	**(25.76)**	**85.07**
Total comprehensive income/ (loss) for the year, net of tax (A+B+C)	**95.11**	58.97	**545.70**	**(53.60)**	**647.81**
Profit/ (loss) for the year attributable to:					
Owners of the parent	61.47	49.93	478.16	(27.84)	562.74
Non-controlling interest	0.00*	0.00*	0.00*	0.00*	0.00*
Other comprehensive income/ (loss) attributable to:					
Owners of the parent	33.64	9.04	67.54	(25.76)	85.07
Non-controlling interest	0.00*	0.00*	0.00*	0.00*	0.00*
Total comprehensive income/ (loss) attributable to:					
Owners of the parent	95.11	58.97	545.70	(53.60)	647.81
Non-controlling interest	0.00*	0.00*	0.00*	0.00*	0.00*
Earnings / (Loss) per share (Face value of ₹ 1 each) - for continuing operations					
a) Basic EPS (in ₹)	0.37	0.33	3.50	(0.35)	3.78
b) Diluted EPS (in ₹)	0.37	0.33	3.50	(0.35)	3.78
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations					
a) Basic EPS (in ₹)	-	(0.00)	(0.34)	0.16	(0.06)
b) Diluted EPS (in ₹)	-	(0.00)	(0.34)	0.16	(0.06)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations					
a) Basic EPS (in ₹)	0.37	0.33	3.16	(0.19)	3.72
b) Diluted EPS (in ₹)	0.37	0.33	3.16	(0.19)	3.72

** Represents amount less than ₹ 1 lakh*

SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in crores)

Particulars	For the six-months period ended September 30, 2024	For the six-months period ended September 30, 2023	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/ (loss) before tax including discontinued operations	116.26	59.91	726.37	(90.16)	641.33
Adjustments for:					
Depreciation and amortisation expense	52.12	56.76	105.10	127.64	138.34
Finance costs	305.25	502.24	813.27	1,012.31	1,036.26
Interest income	(23.53)	(13.30)	(31.10)	(20.95)	(33.00)
Fair valuation gain on subsequent measurement of financial assets	-	(275.80)	(275.80)	(248.55)	-
Gain on implementation of debt resolution plan of the holding company	-	-	-	(223.30)	-
Gain on deconsolidation of an erstwhile subsidiary	-	(1.53)	-	-	-
Profit on sale of non-current investment	(6.39)	-	-	-	-
Gain on sale of land	-	-	(87.93)	-	
Gain on settlement of debt	-	(24.26)	(55.75)	(43.96)	(134.35)
Gain on deconsolidation of erstwhile subsidiaries	-	-	(762.82)	(142.48)	-
Share in profit of associates and joint ventures (net)	(33.55)	(7.94)	(41.39)	(9.59)	(5.21)
Dividend income	-	(0.05)	(0.07)	(4.57)	(1.14)
Unrealised exchange gain on foreign currency translation (net)	7.38	(2.17)	(23.13)	(4.18)	(3.92)
Profit on disposal of property, plant and equipment (net)	(2.24)	(3.69)	(6.06)	(2.89)	(2.36)
Employee stock option expenses	0.03		0.20	-	-
Loss allowance on financial assets	-	2.23	19.33	29.72	16.90
Provision no longer required written back	(1.30)	(31.76)	(64.94)	(50.14)	(23.43)
	297.77	**200.73**	**(411.09)**	**419.06**	**988.09**
Operating profit before working capital changes	**414.03**	**260.64**	**315.28**	**328.90**	**1,629.42**
Adjustments for changes in working capital:					
Increase/ (decrease) in inventories	35.55	26.52	54.21	(5.68)	(5.24)
Increase/ (decrease) in trade receivables	(1,089.25)	149.38	425.74	(239.57)	(37.64)
Increase/ (decrease) in other financial assets, other assets and unbilled work-in progress	218.33	(767.53)	(746.15)	145.20	97.42
Decrease in trade payables, other	313.90	231.68	80.50	(217.83	(652.9

Particulars	For the six-months period ended September 30, 2024	For the six-months period ended September 30, 2023	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
financial liabilities, other liabilities and provisions				)	5)
Cash generated from operations	(107.43)	(99.31)	129.58	11.02	1,031.01
Direct taxes paid/ (refunded) (net)	(42.29)	(14.92)	(38.90	4.98	(84.38)
Net cash generated from operating activities	**(149.72)**	**(114.23)**	**90.68**	**16.00**	**946.63**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(5.92)	(3.94)	(18.63)	(214.46)	(89.25)
Proceeds from disposal of property, plant and equipment	8.88	8.42	98.61	9.47	34.30
Proceeds from sale of investments	(15.66)	0.51	0.26	5.69	-
Investments in associates	5.23	2.48	-	-29.60	-
Net proceeds from bank deposits	(244.82)	347.28	457.19	250.06	-201.04
Interest received	6.56	9.29	14.93	25.89	29.82
Proceeds from sale of erstwhile subsidiaries	-	-	272.42	373.99	-
Dividend received	6.39	0.05	0.07	4.57	1.14
Net cash generated from investing activities	**(239.34)**	**364.09**	**824.85**	**425.61**	**(225.03)**
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of long-term borrowings	1.08	(28.58)	(284.69)	(175.43)	(734.01)
Repayment of short-term borrowings (net)	(8.42)	(12.84)	(45.32)	(26.00)	(519.08)
Proceeds from rights issue of Equity Shares	336.91	-	-	-	-
Repayment of lease labilities	(0.71)	(32.79)	(33.05)	(9.77)	(19.01)
Proceeds from issue of equity shares by erstwhile subsidiary	-	15.25	15.25	-	
Finance costs paid	(71.01)	(101.34)	(462.03)	(391.90)	(426.01)
Net cash used in financing activities	**257.85**	**(160.30)**	**(809.84)**	**(603.10)**	**(659.95)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(131.21)**	**89.56**	**105.69**	**(161.49)**	**61.65**
Cash and cash equivalents at the beginning of the year	**398.73**	**581.91**	**581.91**	**720.97**	**642.13**
Impact of discontinued operation	-	(280.62)	-	-	-
Impact of deconsolidation of erstwhile subsidiaries	-	(25.05)	(313.96)	-	-
Unrealised foreign exchange gain (net)	5.38	0.32	25.09	22.43	17.19
Cash and cash equivalents at the end of the year	**272.90**	**366.12**	**398.73**	**581.91**	**720.97**

Reservations, Qualifications and Adverse Remarks

Except as disclosed below, there are no reservations, qualifications and adverse remarks by our Statutory Auditors for the previous five Fiscals:

a. Qualification on the audit of the Consolidated Financial Statements for the year ended March 31, 2024, which is reproduced as under:

Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to Rs. 613.09 crore as at 31 March 2024, which mainly includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the Holding Company's management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2024.

Our audit report dated 18 May 2023 on the consolidated financial statements of the Group for the year ended 31 March 2023 was also qualified in respect of this matter.

b. Qualification on the audit of the Consolidated Financial Statements for the year ended March 31, 2023, which is reproduced as under:

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

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

c. Qualification on the audit of the Consolidated Financial Statements for the year ended March 31, 2022, which is reproduced as under:

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

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

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

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

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

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

d. Qualification on the review of the Consolidated Financial Results for the quarter ended September 30, 2024, which is reproduced as under:

As stated in Note 4 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to Rs. 583.40 crore as at September 30 2024, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of history of losses recorded by the Holding Company, we are unable to obtain sufficient and appropriate audit evidence with respect to projection of the future taxable profit prepared by the management and therefore, are unable to comment upon adjustments, if any, that are required to the carrying value of the aforesaid net deferred tax assets as at September 30, 2024.

Review report of the erstwhile Statutory auditors of the Company on the unaudited consolidated financial results of the Company for the quarter ended June 30, 2024 dated August 5, 2024, for the quarter ended September 30, 2023 dated November 9, 2023 and Audit Report for year ended March 31, 2024 dated May 24 2024 were also qualified in respect of the above matter.

e. Qualification on the review of the Consolidated Financial Results for the quarter ended September 30, 2023, which is reproduced as under:

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

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

RELATED PARTY TRANSACTIONS

For details of the related party transactions of our Company during (i) Fiscal 2024; (ii) Fiscal 2023; and (iii) Fiscal 2022, as per the requirements under Ind AS 24 "Related Party Disclosures" read with Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standard) Rules, 2015, as amended see "***Financial Information***" on page 279.

RISK FACTORS

*This Preliminary Placement Document contains certain forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements because of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For further information, see "**Forward-Looking Statements**" on page 16.*

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry and segments in which we currently operate. We have described the risks and uncertainties that our management believes are material but the risks set out in this Preliminary Placement Document may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in future. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company and Subsidiaries, prospective investors should read this section in conjunction with "**Our Business**", "**Industry Overview**" and "**Management's Discussions and Analysis of Financial Condition and Results of Operations**" on pages 207, 130 and 101, respectively, as well as the financial, statistical and other information contained in this Preliminary Placement Document. In making an investment decision, prospective investors must rely on their own examination of us and the terms of this Issue including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

Unless otherwise stated, references in this section to "we", "us", or "our" (including in the context of any financial or operational information) are to Hindustan Construction Company Limited and our Subsidiaries, on a consolidated basis, and references to "the Issuer" are to Hindustan Construction Company Limited.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

*Our fiscal year ends on March 31 of each year. Accordingly, references to "Fiscal", are to the 12-month period ended March 31 of the relevant year. Unless stated otherwise or unless context requires otherwise, the financial information included in this section for Fiscal 2024, 2023 and Fiscal 2022 have been derived from the Audited Consolidated Financial Statements. The financial information included in this section for the period ended September 30, 2024 has been derived from the Unaudited Consolidated Financial Results. For further details, please refer to the sections titled "**Presentation of Financial and Other Information**" and "**Financial Information**" beginning on pages 13 and 279, respectively.*

*The industry-related information contained in this section is derived from the CARE Report. We have commissioned and paid for the CARE Report pursuant to an engagement letter dated July 17, 2024 for the purposes of confirming our understanding of the industry in connection with this Issue. For details, please refer to the section titled "**Industry and Market Data**" on page 15.*

Internal Risk Factors

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

A significant number of our contacts and agreements are entered into with various Central/State Governments and public sector undertakings ("**PSUs**") wherein Central and/or State Governments hold a majority stake. Public sector undertakings are controlled by the Government and there may be other criteria while awarding projects such as allocated budget for the sector, planning and oversight, policy and regulatory framework, which may be beyond our control. The details of revenue from operations for the six months ended September 30, 2024 and Fiscals 2024, 2023 and 2022 are as follows:

Particulars	For the six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations generated from projects awarded by central/state governments/ public sector undertakings (in ₹ crore)	2,365.95	4,942.11	5,217.34	4,665.44
Contribution to total revenue from operations (%)	73.41	56.24	52.92	43.73

A bulk of our business is procured from projects undertaken by us in the infrastructure sector including hydro power, irrigation and water supply, development of roads, tunnels and urban infrastructure and are subject to unforeseeable delays and risks. The delays may arise on account of a change in the Central and/or State Governments, changes in policies impacting the public at large, scaling back of Government policies or initiatives, changes in governmental or external budgetary allocation, or insufficiency of funds, any of which can materially and adversely affect our business, financial condition and results of operations. Some of the key risks are as follows:

Exposure to governmental clients and PSUs: As on September 30, 2024, contracts and/or orders awarded by the Central and State Governments and PSUs in India constituted 100% of our Order Book in India. In the past, Central and State Government policies on environment-related issues have resulted in foreclosure of contracts. For instance, in one of our hydroelectric power projects, while mobilisation of the project was underway, the client informed us that the empowered committee, constituted by the Central Government, had decided to discontinue the project due to environmental concerns after environmental activists and local residents protested the construction of the hydroelectric power project on the Ganga river. While this was a loss of an earning opportunity for the Company, the loss was later recovered through an arbitration award.

Risks related to early termination of the contracts: The infrastructure contracts awarded by the Central and/or State Governments may provide the client with the right to terminate the contract for convenience, without any reason, at any time after providing us with notice, as per the time prescribed in the contract. For instance, one of the projects undertaken by our Company was terminated by the concerned authority without attributing any reason to our Company. We cannot assure you that we will be able to recover the remaining amount or any amount for any project in the future.

Performance guarantee risk: Further, performance guarantees and guarantees for advances are also common and are typically unconditional and payable on demand and may be invoked by the client without reason unless injunctions are obtained by the company. Since the majority of our projects are contracts with the Central and State Governments or public sector undertakings, we are susceptible to such termination or invocation. In the event that a contract is so terminated or invoked without cause, our financial condition and operations will be adversely affected.

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

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

- stricter regulatory requirements which may increase our compliance costs;
- delays in project implementation and key initiatives where we have invested significant costs;
- delays in payment due to the time taken to complete internal processes of such entities and

agencies;

- the tender process may be cumbersome and subject to multiple levels of scrutiny resulting into significant delays and/or renegotiation of the terms of the bid or lowering the price for services included in the tender;

- political and economic factors such as pending elections, changes in leadership among key governmental decision makers, changes or delays in the implementation of government policies, changes in law, revisions in tax policies and reduced tax revenues can affect the number and terms of new government contracts signed;

- any disinvestment by the governmental entities of its shareholding in such entities could result in a change in business operations of such entities, which may impact existing or future business arrangements between our Company and such entities;

- terms and conditions of contracts, including requests for proposals and tenders tend to be more onerous and are often more difficult to negotiate than those for other commercial contracts; and

- in the event of any non-payment or delay in payment by customers, we may be unable to make payments to our third-party contractors who may initiate proceedings against our Company, which may result in an adverse impact on our business, results of operation and financial conditions.

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

In addition to our in-house experience in engineering survey, we also appoint technical consultants to carry out detailed inspection of the relevant project area and to record and highlight important features and identify any issue that may be of importance in terms of implementation and operation of such project. We have incurred ₹2.17 crore, ₹1.41 crore, ₹0.27 crore and ₹0.67 crore for the six months ended September 30, 2024 and Fiscals 2024, 2023 and 2022 respectively, on pre-bidding engineering studies.

While we hire technical consultants for the purpose of carrying our pre-bidding engineering studies, we may not be able to assure the accuracy of such studies. The accuracy of the pre-bidding studies is dependent on the following key elements:

- preparing a project road map based on investigations of the project site which include amongst other, pavement conditions, major water bodies, indication of any notified forest, right of way details, sensitive receptors on the project site, local conditions;

- undertaking engineering surveys and preliminary designs which broadly include carrying out inventory and detailed condition surveys, carrying our preliminary pavement investigations, availability of construction materials and resources, identification of geometrically deficient stretches, investigating intersections and stretches and implementing design in accordance with environmental and social concern;

- preparation of operations and maintenance estimates for the entire contract period of the project; and

- preparation of bills of quantities, in consultation with our Company covering all the items required in the work.

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

Further, we may be unable to accurately estimates operational costs under the contracts for our projects.

Any inaccuracies in estimating costs could lead to our actual costs exceeding estimated ones, increasing construction expenses and working capital requirements. Additionally, if price negotiations with clients fail, we are unable to exit the contract except under force majeure conditions, and attempting to do so could result in significant penalties. However, we cannot assure that such incidents may not occur in the future and not have an adverse effect on our business, results of operations, and financial condition. If we cannot accurately estimate costs or manage our supplier relationships, we may incur substantial losses, which could have a material adverse effect on our financial condition, cash flow, and results of operations.

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

Our consolidated Order Book as of September 30, 2024 was ₹ 11,355.05 crore, which comprises the balance value of work to be executed in respect of our existing contracts. Our Order Book sets forth our expected revenues from unexecuted portion of the projects awarded. However, project delays, modifications in the scope or cancellation of awards may occur from time to time due to either the client's or our default, incidents of force majeure or legal impediments which could eventually impact the revenue to be recognized by us from the projects. For example, in some of the projects which are usually awarded to us, we or our clients are obliged to take certain actions, such as acquiring land, securing right of way, clearing forests, securing required licenses, authorizations or permits, making advance payments or opening of letters of credit or moving existing utilities, which may be delayed due to our client's non-performance, our own breaches or any force majeure events. In an EPC project, we may be required to incur significant additional costs due to project delays and our counterparties may seek liquidated damages due to our failure to complete the required milestones or even terminate the construction contract totally or refuse to grant us any extension. Set out below are examples of a few projects which were originally to be completed in Fiscal 2024, 2023, 2022 or the six months ended September 30, 2024, but were not completed by the original date of completion of the project prescribed in the agreement with the client. While the client has extended the date of completion of the project, we cannot assure that such projects will be completed within such extended timelines:

Name of the Project	Original date of completion of contract	Extension of time approved by client	Expected date of completion of contract/ Actual date of completion of contract
Fast Reactor Fuel Cycle Facility	September 21, 2021	October 4, 2025	March 31, 2027
Parwan Dam*	May 28, 2021	February 22, 2025	June 30, 2025
DMRC DC-06	January 13, 2023	June 29, 2024	June 29, 2024
Coastal Road	October 15, 2022	October 25, 2024	March 31, 2025

**Extension of Time (EoT) approval under process with client. The expected date of completion of contract is our Company's estimate based on the current progress on the project.*

Further, the schedule of completion of a project may be reset due to the aforementioned factors and we may not be able to recognize revenue if the required percentage of completion is not achieved in the specified timeframe. Accordingly, our Order Book may vary materially if the time taken or amount payable for completion of ongoing projects of our Company changes. For instance, in one of our hydroelectric power projects, the governmental authority had decided to discontinue the project due to environmental concerns.

During the Fiscals 2024, 2023 and 2022 and the six months ended September 30, 2024, the Company has completed 18 projects in India and 2 projects outside India, on a standalone basis. The details regarding the cumulative value of work at the tender stage and the revenue recognised from these completed projects are as follows:

Particulars	Fiscals 2024, 2023 and 2022 and the three months ended September 30, 2024	
	Cumulative Value of Work at Tender Stage (₹ in crore)*	Cumulative Revenue Recognized (₹ in crore)
Contracts closed (Projects in India)	13,189.24	16,628.48
Contracts closed (Projects outside India)	1,143.70	1,919.42

* *The value of work at tender stage is subject to change on account of various reasons such as price escalations, additional works undertaken by the Company and compensation due to variations and delays.*

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

4. Our Company and our Subsidiaries are involved in outstanding legal proceedings. Any adverse outcome in any of these proceedings may adversely affect our reputation, business, operations, financial condition and results of operations.

Our Company and our Subsidiaries are involved in certain outstanding arbitrations, legal proceedings and claims, which are pending at different levels of adjudication before various courts, tribunals and other authorities. Due to the nature of our contracts, we may be subjected to claims and counterclaims, including, among others, to and from the concessioning authorities. Any resolution of such claims or counterclaims can take a substantial period of time, and may have an adverse effect on our business, results of operations and cash flows. In addition, should any new development arise such as changes in India law or rulings against us by the final adjudicating authority / appellate authorities / Supreme Court, we may need to make provisions in our financial statements which could increase our expenses and current liabilities. We cannot assure you that any of the outstanding legal proceedings will be settled favourably, or that no additional liability will arise out of these proceedings. For details of outstanding material legal proceedings, see "***Legal Proceedings***" on page 261. Such proceedings could divert management time and attention and consume financial resources in their defence or prosecution. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could, to that extent, increase our expenses and our liabilities.

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

As of September 30, 2024, we had total borrowings (current borrowings and non-current borrowings) of ₹ 2,118.51 crore (excluding accrued interest on total borrowings of ₹ 1,856.99 crore, which are accounted under other financial liabilities). However, our Company may incur additional indebtedness in the future. Our borrowings are subject to interest rates which may be fixed from time to time at the discretion of our lenders. Any fluctuations in interest rates may directly impact the interest costs of such loans and, in particular, any increase in interest rates could adversely affect our results of operations. Some of the financing arrangements entered into by us contain certain restrictive covenants in the facility agreements and other lending agreements / sanction letters we have entered into with our lenders that limit our ability to undertake certain types of transactions, any of which could adversely affect our business, cash flows and financial condition. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks / financial institutions for various activities, including, amongst others, the Issue. We are also required to ensure compliance with regulatory requirements. Such restrictive covenants in our loan documents may restrict our operations or ability to expand our business.

A failure to meet our debt service obligations or to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. There can be no assurance that we will be able to persuade our lenders to grant extensions or refrain from exercising such rights which may adversely affect our operations and cash flows. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations. We cannot assure you that there will not be any such instances in the future.

Certain of our loans can also be recalled by lenders at any time. If the lenders exercise their right to recall a loan, it could have an adverse effect on our reputation, business and financial position. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all. Occurrence of any of the above contingencies with respect to our indebtedness could materially and adversely affect our business prospects, cash flows, financial condition and results of operations.

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

Due to the nature of our business, our projects typically require a long gestation period and substantial capital outlay before completion and may take months or years before positive cash flows can be generated, if at all. The time and costs required in completing a project may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances.

For failure to complete a project as scheduled, we may be held liable for penalties in the form of liquidated damages, which have historically ranged between 5% to 10% of the total project cost but could be higher in the future and, in some cases, the customer may be entitled to appoint, at our expense, a third party to complete the work. While we haven't faced any instances in the past where our clients or customers have exercised the right to appoint a third party to complete the projects, we cannot assure you that our clients or customers would not exercise such a right in the future. As part of our growth strategy, we may seek to acquire technologies and products, but we may fail to complete such acquisitions or realize the anticipated benefits of such acquisitions and may incur costs that could negatively affect our business. In addition, failure to complete a project according to its original specifications or schedule, if at all, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected. Any of these factors may lead to delays in or prevent the completion of our projects and result in costs substantially exceeding those originally budgeted for.

7. Our projects are subject to construction, financing and operational risks along with other risks with respect to our engineering and construction business, including, without limitation, costs increase above estimates, changes in scope of work and time, cost overruns, imposition of penalties by the client and warranty claims, which may cause us to experience reduced profits or losses and, in some cases, cancellation or deferrals of contracts.

The construction of new projects involves various risks, including, among others, regulatory risk, construction risk, financing risk and the risk that these projects may prove to be unprofitable. We may need to undergo certain changes to our operations as a result of entering into these new projects. Entering into any new project may pose significant challenges to our management, administrative, financial and operational resources. We cannot provide any assurance that we will succeed in any new projects we may enter into or that we will recover our investments. If the funding requirements and project costs for these projects are higher than as estimated, we will need to find sources to fund the extra costs which may not be readily available. Any failure in the development, construction, financing or operation of any of our significant new projects will likely materially and adversely affect our business, prospects, financial condition and results of operations.

We may be adversely affected by investment in the development of our ongoing and other new projects because, among others:

- the contractors hired by us may not be able to complete the construction of projects on time, within budget or to the specifications and standards set out in our contracts with them;
- delays in completion and commercial operation could increase the financing costs, including

due to increase in prices of raw materials, associated with the construction and cause our forecasted budget to be exceeded;

- we may not be able to obtain adequate working capital or other financing to complete construction of and to commence operations of our projects; and

- we may not be able to recover the amounts we may have invested in our projects if the assumptions contained in the feasibility studies for these projects do not materialize.

We enter into contracts to provide services primarily on the basis of item rated contracts and/or lump sum turnkey projects per unit of work or a lump sum for the project as a whole. While typically these types of contracts include suitable escalation clauses for increases in the costs of materials and labour, there are certain contracts wherein such provision does not exist or in which the escalation clause is limited, which results in our Company bearing all or a portion of the increased costs. While we attempt to anticipate and account for any contingencies when determining our contract price, there is no assurance that we will be able to successfully secure contract prices that build in adequate amounts to cover any such contingencies. Contract prices are established in part on cost and scheduling estimates, which are based on a number of assumptions, including future economic conditions, the price and availability of labour, equipment and materials and other relevant factors. If any of these estimates prove inaccurate or circumstances change, cost or time overruns may occur and we could experience delay in realisation of the revenues and reduced profits, or in some cases incur losses. In one of our highway projects, the quantities vis-à-vis the designs prepared by us in the initial tender stage increased from the tender estimates due to the actual ground conditions.

In addition to the aforesaid, we also bear the risk of any underestimation of the amount of work or the quantity of material required. Unanticipated costs or delays in performing part of the contract can have compounding adverse effects on performing other parts of the contract.

Additionally, deviation from pre-bid estimates with respect to costs, scope of work, time overruns etc. can adversely impact profitability of projects and also result in our projects getting delayed. Our actual expense in executing a project under construction may vary substantially from the assumptions underlying our bid for various reasons, including, unanticipated increases in the cost of construction materials, fuel, labour or other inputs, unforeseen construction conditions, including the inability of the client to obtain requisite environmental and other approvals resulting in delays and increased costs, delays caused by local weather conditions and suppliers' failures to perform. For instance, in one of our highway projects, execution of the project was delayed due to unavailability of encumbrance-free land. These inherent risks of our business may result in realized gross profits differing from those we originally estimated and reduced profitability or losses. Our ability to pass on such increases in costs and expenses may be limited in the case of contracts with limited or no price escalation provisions. Depending on the size of a project, these variations from estimated contract performance could have a material adverse effect on our operating results for any particular period.

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

There can be no assurance that any cost escalation or additional liabilities in connection with the development of such projects would be fully offset by amounts due to us pursuant to the guarantees and indemnities, if any, provided by our contractors or insurance policies that we maintain. Delays in completion and commercial operation of our projects under construction could increase the financing costs associated with the construction and cause costs to exceed our forecasted budgets. We also cannot assure you that our clients will permit such revised completion schedule to be implemented to the necessary extent or at all, and we may be held in breach of the terms and conditions of the contracts in respect of such projects pertaining to completion schedule. Further, such construction faults may result in loss of goodwill and reputation and may have a material and adverse impact our eligibility in respect of future bids made by us towards projects, thereby affecting our future operations and revenues.

Each of the contract agreements for our construction projects requires us to execute, and maintain the works till defects liability period, under certain standards prescribed by clients. Clients may ask us to carry out tests through one or more engineering firms to assess the quality of works and their maintenance. For example, for toll road projects, if the NHAI determines that we have failed to carry out our road maintenance obligations to the standards set forth in the relevant concession agreements, the NHAI may impose penalties and in certain cases even issue notices and provide cure periods. If we fail to meet the NHAI's road maintenance requirements during any cure period provided, our concession agreement for the toll road may be terminated by the NHAI, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Pursuant to certain agreements entered into with various clients, we may also be required to indemnify our clients against losses and damaged incurred by them, including damages and penalties for delays in execution of a project. Our liability to pay liquidated damages for a contractor's default is generally limited and capped. However, in the event we terminate any contractor, due to any contractual default of their part, it may affect our results of operations and our financial condition.

Additionally, we are also subject to costs associated with warranty, recall and liability due to defects in our projects or related after sales services and attendant adverse publicity. In Switzerland, we provide warranties on our work ranging from two years to five years and sometimes, based on the contract, are required to provide a warranty of up to 10 years. These warranties require us to cover any defects after the handover of the property to the customer after completion of a project. We are also required to provide performance bonds which provide that we are responsible for the completion of a project should a subcontractor fail to do so or become insolvent as well as warranty bonds covering our warranties obligations after completion of a project. These actions could require us to spend considerable resources in correcting the problems and could adversely affect demand for our design and construction operations services. A failure to meet quality standards could expose us to the risk of liability claims during the project execution period when our obligations are typically secured by performance guarantees, which typically range from 5% to 10% of the contract price, and during the defects liability period, which typically runs for 12 months to 24 months, and in some instances up to 5 years, from the date of handover. Any defects in our work could also result in customer claims for damages. Moreover, defects in our projects that arise from defective components supplied by external suppliers may or may not be covered under warranties provided by such suppliers. In defending claims for damages from customers, we could incur substantial costs and adverse publicity also be generated. In the event that the defects are not rectified to the satisfaction of our customers, the customers may decide not to pay part or all of the fees under the contract, make substitute performance at our cost and/or invoke the performance or warranty bonds. Any of the above could have a material adverse impact on our business, results of operations, financial condition and prospects.

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

As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and implement an effective management information system. Our revenue from operations in India from Fiscal 2022 to Fiscal 2024 increased at a CAGR of 6.24% from ₹ 4,720.72 crore to ₹ 5,327.82 crore whereas revenue from operations outside India from Fiscal 2022 to Fiscal 2024 has decreased by 41.84% from ₹ 5,947.54 crore to ₹ 3,459.05 crore, on account of various macroeconomic factors. As a result, our total revenue from operations on a consolidated basis moved from ₹ 10,668.26 crore in Fiscal 2022 to ₹ 8,786.87 crore in Fiscal 2024.

While we are able to execute projects through our internal accruals and external funding from our lenders, we cannot assure that our Company will have access to the liquidity or such funding in the future. Further, our business is labour-intensive, which requires us to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. Accordingly, there can be no assurance that we will not suffer from capital constraints, operational difficulties or difficulties in expanding existing business and operations and training an increasing number of personnel to manage and operate the expanded business, which may result in a material adverse effect on our business, financial condition, results of operations and future prospects.

In addition, the projects we undertake are increasing in scale and complexity. For instance, one of our projects under execution, involves reclamation of land, construction of seawall, bridges on the land as well as in the sea including a single span of 120 m steel arch, pedestrian and vehicular underpasses, underground car parks and promenade area. Accordingly, we not only maintain but are required to constantly improve project management system and supporting infrastructure, such as our information technology and human resources systems and training programs, in order to ensure that we will be able to continue to successfully execute large and complex projects on a timely basis. If we are not successful in managing our growth, our business may be disrupted and profitability may be reduced. Consequently, our business, prospects, financial condition and results of operations may be adversely affected.

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

Set forth below are certain audit qualifications issued by our Auditor in relation to our Audited Consolidated Financial Statements and our Unaudited Consolidated Financial Results of our Company. These qualifications pertain to:

S.No.	Audit Report for the Period of (Audited /Unaudited)	Audit Qualifications	Impact on our Company
1.	For the six months ended September 30, 2024 (Unaudited)	As stated in Note 4 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to Rs.583.40 crore as at September 30, 2024, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of history of losses recorded by the Holding company, we are unable to obtain sufficient and appropriate audit evidence with respect to projection of the future taxable profit prepared by the management and therefore, are unable to comment upon the adjustments, if any, that are required to the carrying value of the aforesaid net deferred tax assets as at September 30, 2024. Review report of the erstwhile Statutory auditors of the Company on the unaudited consolidated financial results of the Company for the quarter ended June 30, 2024 dated August 5, 2024, for the quarter ended September 30, 2023 dated November 9, 2023 and Audit Report for year ended March 31, 2024 dated May 24 2024 were also qualified in respect of the above matter.	As at 30 September 2024, the Holding Company has recognised net deferred tax assets amounting to ₹ 583.40 crore (31 March 2024: ₹ 613.09 crore and 30 September 2023: ₹ 741.93 crore), which mainly represents deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident of generating sufficient taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards against which such deferred tax assets can be utilised and therefore considered good and recoverable. The impact of this qualification is not quantifiable.
2.	As at and for the financial year ended March 31, 2024 (Audited)	Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹613.09 crore as at 31 March 2024, which mainly includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the Holding Company's management and therefore, are unable to comment on any adjustments that may be required to the	As at 31 March 2024, the Holding Company has recognised net deferred tax assets amounting to ₹ 613.09 crore which mainly represents deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident or generating taxable profits from the unexecuted orders on hand/ future projects and

S.No.	Audit Report for the Period of (Audited /Unaudited)	Audit Qualifications	Impact on our Company
		carrying value of aforesaid net deferred tax assets as at 31 March 2024.	expected realisation of claims / arbitration awards. Accordingly, the management believes it is probable that sufficient future taxable profit will be available against which such deferred tax assets can be utilised. The impact of this qualification is not quantifiable.
3.	As at and for the financial year ended March 31, 2023 (Audited)	Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹741.93 crore as at 31 March 2023, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2023.	As at 31 March 2023, net deferred tax assets includes deferred tax assets recognised by Holding Company amounting to ₹ 741 .93 crore on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the Holding Company's management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised. The impact of this qualification is not quantifiable.
4.	As at and for the financial year ended March 31, 2022 (Audited)	Note 30.1 to the accompanying statement, the Holding Company has accounted for managerial remuneration paid/ payable to Whole Time Directors (including Chairman and Managing Director) of the Holding Company aggregating to ₹41.07 crore for the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022, in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained by the Company. Note 19.3 to the accompanying statement, the Holding Company's current borrowings, other financial liabilities and liabilities of disposal group held for sale as at 31 March 2022 include balances amounting to ₹49.67 crore, ₹320.55 and ₹2.85 crore, respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been received. Further, confirmations from banks/ lenders have not been received for balances	1. Our Company has taken required steps and regularized the matter, therefore, as on date of this Preliminary Placement Document, this qualification does not have any impact on our Company. 2. As at 31 March 2022, the Holding Company has recognised net deferred tax amounting to ₹ 741.74 crore mainly on account of carry forward unused tax losses unused tax credit and other taxable temporary differences. While the Holding

S.No.	Audit Report for the Period of (Audited /Unaudited)	Audit Qualifications	Impact on our Company
		with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits with banks (included under bank balances other than cash and cash equivalents) as at 31 March 2022 amounting to ₹2.18 crore and ₹0.95 crore, respectively. In the absence of such confirmations from the banks/ lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments if any, that may be required to the carrying value of the aforementioned balances in the accompanying statement. Note 10.1 to the accompanying statement, the Holding Company has recognised net deferred tax assets amounting to ₹741.74 crore outstanding as at 31 March 2022, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Holding Company and pending the implementation of the resolution plan as referred to in Note 2.1(vi) of the accompanying consolidated financial statements, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid deferred tax assets as at 31 March 2022.	Company is confident of taxable profit being available against which unused tax losses can be utilised, the Holding Company has not recognised deferred tax assets on the losses incurred effective 1 July 2021. The Holding Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the Holding Company's management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised. 3. The impact of this qualification is not quantifiable.

Further, for details on the emphasis of matters appearing in our financial statements, please see "***Management's Discussion and Analysis of Financial Condition and Results of Operations – Statutory Auditors' Qualifications or Observations***" on page 101. A qualified audit/ review report from our Statutory Auditors may limit our ability to access certain types of financing or may prevent us from obtaining financing no acceptable terms. There can be no assurance that our Statutory Auditors will not qualify their conclusion/ opinion in the future. For further details, see "***Financial Information***" on page 279.

Set out below is the deferred tax assets / (deferred tax liabilities) being carried forward in the consolidated financial statements of our Company:

(In ₹ crore)

S. No.	Name of the Entity	As of September 30, 2024	As of March 31,		
			2024	2023	2022
1	Hindustan Construction Company Limited	583.40	613.09	741.93	741.74
2	Highbar Technologies Limited	0.87	0.87	0.95	0.94
3	HCC Infrastructure Company Limited	0.38	0.38	-	-
4	Western Securities Limited		0.13	0.04	-
5	Steiner AG	8.59	8.96	39.10	(31.45)
	Total	**593.24**	**623.43**	**782.02**	**711.23**

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

We are engaged as the main contractor and we further sub-contract part of our work on most of our projects. Our sub-contracting cost for the Fiscals ended March 31, 2024, 2023 and 2022 and six months ended September 30, 2024, is as follows:

(In ₹ crore)

Particulars	For the six months period ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Sub-contracting expenses	1,977.28	4,261.65	5,395.45	7,112.79

As we rely on third-party subcontractors to perform a substantial amount of the work under our contracts, our payments are dependent on, *inter alia*, the performance of the sub-contractors. We also rely on third-party equipment manufacturers or suppliers to provide the equipment and materials used for engineering and construction projects. The engagement of subcontractors is subject to certain risks, including difficulties in overseeing the performance of such subcontractors in a direct and effective manner, failure to complete a project where we are unable to hire suitable subcontractors, or losses as a result of unexpected subcontracting cost overrun. As the subcontractors have no direct contractual relationship with our clients, we are solely subject to risks associated with non-performance, late performance or poor performance by our subcontractors. While we haven't faced any past instances of non-performance, late performance or poor performance by the third parties arising out of sub-contraction of activities, we cannot assure you that such instances would not occur in the future. As a result, we may experience deterioration in the quality of our projects, inordinate delays in completion of our projects, incur additional costs, or be exposed to liability in relation to the performance of subcontractors under the relevant contracts, which may have an impact on our profitability and financial performance. For instance, in one of our projects, some of our subcontractors failed to mobilise adequate resources on time causing temporary delays in the project. The scope of work of the subcontractors was later reduced and the project was completed, with the impact of the delay being absorbed by the Company.

In addition, any failure of the subcontractor to comply with applicable laws, rules or regulations, to obtain the necessary approvals, or provide services as agreed in the contract or failure on our part to engage third party consultants and service providers could affect the completion of our contracts and could negatively impact our business and may result in fines, penalties or even delay and suspension of work and/or contracts. If we are unable to hire qualified subcontractors or find competent equipment manufacturers or suppliers, our ability to successfully complete a project could be impaired. If the amount we are required to pay to the subcontractors or equipment and supplies exceeds what we have estimated, especially in a fixed-price or lump-sum type contract, we may suffer losses on these contracts. If a supplier, manufacturer or subcontractor fails to provide supplies, equipment or services as required under a negotiated contract for any reason or if a subcontractor engaged by us has misrepresented its qualification or eligibility to undertake a specific project, we may be required to source these supplies, equipment or services or a replacement for such sub-contractor (as the case may be) on a delayed basis or at a higher cost than anticipated, which could impact contract profitability. Any such misrepresentation by a subcontractor as to its qualification or eligibility may also affect our ability to successfully complete a project and thereby harm our reputation.

11. A delay and/or failure in the supply of materials, services and finished goods from third parties at acceptable prices and quality or at all may materially and adversely affect our business, results of operations and prospects.

Our Company purchases significant amount of materials, including steel, cement, wires etc. for its operations. Our major raw materials are commodities including steel, cement, high speed diesel oil, aggregates etc., which are prone to frequent price fluctuations and the timely availability of such materials is uncertain. The cost of raw materials purchased by our Company for Fiscals 2024, 2023 and 2022 and six months period ended September 30, 2024 was ₹ 862.05 crore, ₹ 1,009.64 crore, ₹ 865.06 crore, and ₹ 297.17 crore, respectively. While our Company maintains strong relationship with numerous suppliers in order to avoid risks of unavailability of resources, any unforeseeable unavailability of such resources could materially disrupt our Company's operations. Delay or failure in the supply of materials from vendors impacts the progress of our work can thereby adversely impact operations. Procurement of material in excess of budgeted price also impacts profitability.

A significant portion of our raw materials are procured from a limited number of suppliers. However, there does not exist a concentration in terms of our suppliers. For instance, the contribution of our top ten suppliers in the cost of raw material purchased by our Company for Fiscals 2024, 2023 and 2022 and six months period ended September 30, 2024 was 47.81%, 47.63%, 53.35%, and 52.97%, respectively. Further, we are often required to work with the suppliers who are designated by our clients, which may limit our ability to manage the suppliers. Any such failure could materially and adversely affect our business, results of operations and prospects. Our business can be adversely affected by the unavailability or fluctuating costs of the raw materials we need to construct and develop our projects, particularly steel and cement. The prices and supply of raw materials depend on factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties. Fluctuations in the prices of the underlying raw materials may also indirectly impact the prices of equipment and components procured for our operations. Any failure to obtain the raw materials we need for our projects at acceptable prices and quality or at all would materially and adversely affect our business, results of operations and prospects.

12. Some of our Subsidiaries have defaulted on their outstanding borrowings pursuant to which we may face penalties or accelerated repayments resulting in adverse impact on our financial condition, reputation and cash flows.

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

Our Company had provided put options and corporate guarantees aggregating to ₹1,183 crore as of September 30, 2018 to the lenders of LCL. Due to defaults by LCL, its lenders invoked the abovementioned put options and corporate guarantees and consequently, pursuant to certain settlement agreements and negotiations with lenders, our Company had taken over and recognized liabilities aggregating to ₹745 crore. Through the Resolution Plan, our Company settled its put options and corporate guarantees by way of issuance of new non-convertible debentures with a structured repayment till Fiscal 2032 and a yield at a quarterly compounding rate of 9.50%. Pursuant to the initiation of corporate insolvency resolution proceedings against LCL in 2018, LCL had ceased to be a subsidiary of our Company with effect from August 30, 2018.

On August 8, 2019, HOML received a notice for payment due to its default in payment of purchase consideration amount of ₹185.25 crore to the Debenture Holders. As on September 30, 2024, the amount claimed stood at ₹ 327.69 crore. The Company is currently engaged in discussions with the Debenture Holders for the one-time settlement of the liability arising towards such Debenture Holders.

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

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

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

Company may be diluted. Set out below are the details of the OCDs outstanding as on September 30, 2024:

Number of OCDs (face value of ₹ 1,000 each) outstanding	Amount of OCDs outstanding (in ₹ crore)	Number of Equity Shares (assuming conversion)
86,38,811	863.88	There is no fixed price or conversion ratio stated in the debenture trust deed. The price for equity shares to be issued on account of conversion will be determined at the time of conversion in accordance with applicable law/extant regulations in force.

* *Does not include accrued interest of ₹ 1266.74 crore.*

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

As on September 30, 2024, 23,99,19,286 Equity Shares held by our Promoters, representing 14.28% of the paid-up Equity Share capital of our Company and representing 76.84% of the aggregate holding of Equity Shares by our Promoter and Promoter Group, has been pledged with various entities including banks and financial institutions for the loans availed by our Company. In terms of the relevant pledge agreement entered into by our Promoters, our Promoters are restricted from selling, transferring, or disposing of the pledged Equity Shares and are required to remain the sole legal beneficial owners of such Equity Shares, until the final settlement of the loan, except in case of a sale or disposal of the pledged Equity Shares under the terms of the agreement.

In the event of any default under the relevant agreements with the lenders, the lenders may enforce aforementioned pledges, which could result in reduction in shareholding of our Promoters.

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

As of September 30, 2024, we had total borrowings (current borrowings and non-current borrowings) of ₹ 2,118.51 crore (excluding accrued interest on total borrowings of ₹ 1,856.99 crore, which are accounted under other financial liabilities). Recently, in July 2024 and September 2024, our Company's long term bank facilities received a rating of IVR BBB- by Infomerics Valuation and Rating Private Limited, CARE BB with Stable outlook by CARE Ratings Limited, respectively, for the borrowings. The details of credit ratings received by the instruments of our Company are set out below:

Facilities	Ratings	Name of rating agencies
September 30, 2024		
Bank Guarantees	IVR BBB- CARE BB+	Infomerics Ratings CARE Ratings
OCDs	IVR BBB- CARE BB+	Infomerics Ratings CARE Ratings
NCDs	IVR BBB- CARE BB+	Infomerics Ratings CARE Ratings
March 31, 2024		
Bank Guarantees	CARE BB	CARE Ratings
OCDs	CARE BB	CARE Ratings
NCDs	CARE BB	CARE Ratings
March 31, 2023		
Non-Fund Based Facilities	CARE B+	CARE Ratings
NCDs	CARE B+ ICRA B	CARE Ratings ICRA Ratings
March 31, 2022		
Non-Fund Based Facilities	CARE D	CARE Ratings
Fund Based Facilities (Term Loan & Cash Credit)	CARE D	CARE Ratings
NCDs	CARE D	CARE Ratings

We may experience a downgrade in our credit ratings in future. Any downgrade in our credit ratings by rating agencies, international or domestic, may increase our costs of accessing funds and adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures or other purposes and the trading price of the Equity Shares.

16. Our shareholdings in some of our subsidiaries such as Steiner AG have been pledged to secure funding for projects and repayment of certain loans outstanding, respectively and any failure to pay the principal or interest or other default under the terms of the loan obligation may result in the lender exercising its rights with respect to the pledge, including the right to foreclose, sell or transfer the shares.

The shares of Steiner AG, which are owned by our wholly-owned subsidiaries HCC Mauritius Enterprises Limited ("**HCCMEL**") and HCC Mauritius Investment Limited ("**HCCMIL**"), have been pledged by our Company, in favour of the Export-Import Bank of India (the "**Exim Bank**"), pursuant to a financing arrangement entered into among HCCMEL, HCCMIL and Exim Bank. Accordingly, as of September 30, 2024, 100% of the share capital of Steiner AG has been pledged by our Company in favour of Exim Bank. In terms of the share pledge agreement entered into between our Company and Exim Bank, 100% of the share capital of Steiner AG is to be pledged and charged to Exim Bank at all times. Further, our Company has also provided a corporate guarantee in favour of Exim Bank towards its exposure to HCCMEL and HCCMIL. Any failure to service the indebtedness or default may result in Exim Bank exercising its rights with respect to the pledge, including but not limited to foreclosing and selling or transferring the shares, which would have a material adverse effect on our business, financial condition and results of operations.

There has been a breach of covenants relating to the repayment of the aforementioned borrowings, under the financing arrangement entered into by HCCMEL and HCCMIL with Exim Bank. As of September 30, 2024, a total debt payment of USD 18.27 million has fallen overdue. However, Exim Bank vide its letter dated September 21, 2023 has approved reissuance of arbitration bank guarantee to the extent of ₹55.83 crore to our Company in order to cure the breach of the repayment covenant on the part of HCCMEL and HCCMIL. Further, EXIM Bank has agreed in principle to provide additional bank guarantee of approximately ₹ 185 crore in a BOT subsidiary company for withdrawal of arbitration award money to prepay the entire debt in HCCMEL and HCCMIL, and EXIM Bank is in the process of seeking an approval from its board of directors for the proposed transaction. In view of an action plan being in place, Exim Bank is unlikely to undertake any adverse actions against our Company and the aforementioned Subsidiaries. However, we cannot assure you that the breach will be cured or there may be no further breach in the future. Further, we cannot assure you that Exim Bank will not invoke the abovementioned corporate guarantee against our Company for any future breach or default or will not invoke the pledge on the entire share capital of Steiner AG. This may have an adverse impact on the business operations of Steiner AG, as well as on our financial condition and reputation.

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

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

Particulars	Statutory timeline	Date of event	Due date	Date of filing
Form CHG-4	30 Days from the date of Satisfaction of charge	October 01, 2021	October 30, 2021	December 02, 2021
Form CHG-1	30 Days from the date of creation of charge	December 20, 2021	January 18, 2022	April 12, 2022
Form IEPF-2	90 Days from the date of AGM	May 12, 2022	May 27, 2022	June 09, 2022
Form CRA-02	30 Days from appointment of auditor	August 5, 2024	September 3, 2024	September 4, 2024
Form MGT-7 (Annual Return)	60 Days from the date of AGM	September 29, 2022	November 28, 2022	November 29, 2022
Form AOC-4	30 Days from the date of AGM	September 29, 2022	October 28, 2022	December 07, 2022
Form AOC-4	30 Days from the date of	September 17,	October 16, 2024	October 29, 2024

Particulars	Statutory timeline	Date of event	Due date	Date of filing
	AGM	2024		
Form MGT-14	30 Days from the date of passing of resolution	December 01, 2022	December 31, 2022	February 21, 2023
Form MGT-14	30 Days from the date of passing of resolution	February 14, 2023	March 12, 2023	March 21, 2023
Form MGT-14	30 Days from the date of passing of resolution	August 5, 2024	September 3, 2024	September 18, 2024
Form MGT-14	30 Days from the date of passing of resolution	April 18, 2024	May 17, 2024	May 27, 2024
Form DIR-12	30 Days from the date of change in designation of Director and KMP	April 01, 2023	April 30, 2023	May 15, 2023

While our Company has paid the fees owing to the delay occurred in filing of the aforementioned forms in accordance with Rule 12 of the Companies (The Registration Offices and Fees) Rules, 2014, as amended and we strive to comply with the applicable laws and prescribed timelines for filing of documents with the regulatory authorities, we cannot assure you that that we will not be subject to any action from or any penalty imposed by the competent regulatory authority in this respect or that such filings will be made in the future in a timely manner or at all.

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

Steiner AG, our Material Subsidiary has, upon receipt of necessary approvals, sold its 100% shareholding held in Steiner Construction SA, our step-down subsidiary, which has resulted in the divestment of entire interest of our Company in Steiner Construction SA. Since its incorporation in August 2022, Steiner Construction SA contributed a revenue of ₹1,780.16 crore, representing 20.00% of our total revenue from operations for the financial year ended March 31, 2024. Steiner AG had entered into a share purchase agreement dated December 4, 2023 for the sale of Steiner Construction SA. Subsequent to this, Steiner Construction SA has ceased to be a subsidiary of Steiner AG as well as a step-down Subsidiary of our Company. Further, pursuant to the sale, Steiner Leman SAS, a subsidiary of Steiner Construction SA, has also ceased to be a step-down Subsidiary of our Company. While it is expected that consequent to the sale, Steiner AG will book a profit and generate substantial cash flow for its business, we cannot assure you that the sale will not result in an adverse impact on our financial condition and business operations. For details, see "***Our Business – Selective monetisation of existing assets to improve cash flows and reduce leverage***" on page 207.

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

We operate in countries outside India, such as Switzerland and plan to continue to expand our international operations in the future. The revenue from operations outside India (including revenue from discontinued operations pursuant to the sale of Steiner Construction SA), was ₹748.76 crore, ₹3,459.05 crore and ₹4,381.56 crore, accounting for approximately 23%, 39% and 44% respectively of our total revenue from operations (including revenue from discontinued operations pursuant to the sale of Steiner Construction SA), for the six months period ended September 30, 2024, Fiscal 2024 and Fiscal 2023, respectively. The entirety of our revenue from operations outside India is derived through our Subsidiaries.

We face a number of risks as a result of international operations, including fluctuations in currency exchange rates, inflation in markets in which we procure labor and materials locally, increased litigation risk in litigious jurisdictions that our business has expanded into or will expand into, inability to obtain, maintain or enforce our contractual and intellectual property rights. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. If we do not effectively manage our foreign operations, our business and results of operations may be adversely affected.

19. ***Our operations and our work force are exposed to various hazards and we are exposed to risks arising from construction related activities that could result in material liabilities, increased expenses and***

diminished revenues and have a material adverse impact on our business, financial condition, results of operations and prospects.

Our business and operation involves inherent industrial risks and occupational hazards and are subject to hazards inherent in providing architectural and construction services, such as and including risk of equipment failure. Such inherent industrial risks and occupational hazards may not be eliminated through implementing safety measures. We are exposed to risks related to such activities, such as systems and equipment failure, industrial accidents, fire, explosion, impact from falling objects, collision, work accidents, underground water leakages, and geological hazards such as such as storm, hurricane, lightning, flood, landslide and earthquake and other hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Environmental laws and regulations in India are stringent and while our Company strives to comply with all the applicable regulations, if environmental clearances are not obtained in a timely manner or at all, the project may not be in compliance with environmental laws and regulations and/or may be delayed and our overall operating expenses may increase, adversely affecting our business and results of operations.

We are also subject to regulations dealing with occupational health and safety and the failure to comply with such regulations could subject us to liability. Although there have been no instances of employees getting injured due to regulatory non-compliance in the past three years, however, if we fail to implement such procedures or if the procedures we implement are ineffective, our employees and others may get severely injured. Further, while there have been no instances in the past three years failure to comply with statutory regulations pertaining health and safety may result in penalties, fines etc. against our Company. There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, could divert management time and attention, and consume financial resources in defence or prosecution of such legal proceedings or cause delays in the construction, development or commencement of operations of our projects.

20. Our Material Subsidiary, Steiner AG, has filed for a debt moratorium in the country of its operations as a part of process of business reorganization.

Our Material Subsidiary, Steiner AG, which is engaged in, among others, the development, execution and utilisation of real estate and construction projects in Switzerland has filed for a provisional debt moratorium on account of, among others, cancellation of contracts faced from certain clients. The provisional debt moratorium has been extended till February 7, 2025, by the relevant authorities.

During the moratorium process, among others, no debt collection proceedings (with certain exceptions) may be initiated or continued against the debtor, civil and administrative proceedings (except urgent cases) regarding the debt restructuring are suspended and the administrator shall supervise the business of the Material Subsidiary. Potential outcomes of the restructuring process include a debt restructuring agreement, a composition process, liquidation or sales of various assets and claims of Steiner AG, and various steps to achieve any of the above, each with the approval of the relevant court in Switzerland. We cannot assure you that all necessary approvals will be granted by the relevant authorities for the moratorium and that the benefits of the proposed debt restructuring, sale process or business reorganization, including through the moratorium, will accrue to our Company or at all.

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

Our success depends on the continued services and performance of the members of our senior management team and other key employees who have been instrumental in building our business and also depends upon our ability to attract and retain these professionals. As of September, 2024, we had 1,013 employees, 3 KMPs and 11 SMPs. For further details, see "***Board of Directors and Senior Management***" on page 222. If one or more members of our senior management were unable or unwilling to continue in their present positions, or if we are unable to suitably replace them in a timely manner, our business could be adversely affected. We may not be able to re-deploy and re-train our professionals to keep pace with continuing changes in technology, evolving standards and changing needs of our clients. The table below sets forth the attrition rate for the six months ended September 30, 2024 and Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022:

Period	Attrition Rate (in %)
Six months ended September 30, 2024	13.19
Fiscal 2024	26.00
Fiscal 2023	33.00
Fiscal 2022	30.34

As a result of the recent growth in the infrastructure industry in India and its expected future growth, the demand for highly-skilled professionals and workers has significantly increased in recent years. Additionally, our ability to retain experienced staff members as well as senior management will depend on us having in place appropriate staff remuneration and incentive schemes, among other factors. We cannot assure you that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled employees. As such, any loss of members of our senior management could adversely affect our business, results of operations and financial condition. Further, our ability to successfully complete projects and to attract new clients also depends largely on our ability to attract, source, train, motivate and retain highly skilled professionals, particularly project managers, engineers, and skilled workers. If we cannot hire and retain highly skilled personnel, our ability to bid for and execute new projects and to continue to expand our business will be impaired and, consequently, our revenues could decline.

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

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

Our significant insurance policies consist of a comprehensive coverage for risks relating to standard fire and special perils and group personal accidents. We are generally required to maintain insurance coverage under our contracts in respect of construction works, plants and equipment. We typically obtain contractor's all risk insurance policies for the projects, as per the requirement under the contracts with the clients. In term of projects and assets covered under insurance, as of September 30, 2024, over 90% of our project contract values and entire fixed assets (excluding land and biological assets) were covered by insurance. We maintain an umbrella insurance policy for our construction plants and machinery where the insurance cover is limited to ₹50 crore for the policy period per year and ₹50 crore per accident.

While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully on time or at all or that we will not suffer losses not covered by our policies. We are involved in large projects where design, construction or systems failures can result in substantial injury or damage to third parties. Our projects could suffer physical damage from fire or other causes, resulting in losses, including loss of rent, which may not be fully compensated by insurance. In addition, we could suffer damage due to earthquakes, floods, hurricanes, terrorism or acts of war, other natural disasters, which may be uninsurable or are not insurable at a reasonable premium. The proceeds of any insurance claim may be insufficient to cover rebuilding costs as a result of inflation, changes in regulations, environmental issues as well as other factors. Any liability in excess of our insurance payments, reserves or backup guarantees could result in additional costs, which would reduce our profits.

23. We may not be able to obtain adequate financing or generate sufficient cash flow to meet our significant capital expenditures and liquidity requirements, which would have a material and adverse effect on our business, results of operations, financial position and prospects.

Our engineering and construction, infrastructure, development, operation and maintenance and real estate construction projects are capital intensive as well as labour-intensive, which requires us to have significant amounts of working capital. We have had, and expect to continue to have, substantial liquidity and capital resource requirements. As of September 30, 2024, we had total borrowings (current borrowings and non-current borrowings) of ₹2,118.51 crore (excluding accrued interest on total borrowings of ₹1,856.99 crore as on September 30, 2024, which are accounted under other financial liabilities). Further, our cash flow generated vis-à-vis the Order Book of the Company is set out below:

(in ₹ crore)

Particulars	As at and for the three months ended September 30, 2024	As at and for the financial year ended March 31, 2024	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022
Cash flow generated from projects	2,057.91	6,439.23	10,438.32	9,528.22
Order Book*	11,355.05	143,82.00	23,344.00	24,008.00
Percentage of cash flow generated (%)	18.12%	44.77%	44.72%	39.69%

* *One of the primary reasons for the decrease in the Order Book for the financial year ended March 31, 2023 to March 31, 2024 and the six months ended September 30, 2024 was the sale of Steiner Construction SA, one of our Material Subsidiary, during the relevant period.*

Our project financing is a combination of net working capital, advances from customers and bank financing. While we may approach the Consortium or the other lenders for financial commitments, these commitments are subject to a number of conditions precedent, such as completion of documentation satisfactory to parties thereto, among others. We may not be able to fulfil all or any of the conditions or agree on terms as may be required by such lenders. Accordingly, our inability to obtain financing may impair our business, results of operations, financial condition or prospects, as the case may be. Depending on the stages or phases of our various projects in our current Order Book, we may not be able to generate sufficient cash flow to meet our significant capital expenditures and liquidity requirements, which would have a material and adverse effect on our business, results of operations, financial position and prospects. In addition, a decline in our order intake or order backlog may lead to impairment of our ability to obtain financing which may consequently impair our business, results of operations, financial condition or prospects, as the case may be.

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

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

As per the audited consolidated financial statements of the Company as at March 31, 2024, the Company has certain contingent liabilities, details of which are set forth below:

Contingent liabilities	As at March 31, 2024 Amount (in ₹ crore)
(i) Claims not acknowledged as debts by the Group*	101.63
(ii) Income tax liability that may arise in respect of which Group is in appeals	74.92
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	181.51
(iv) Stamp Duty	11.66
Total	**369.72**

* *Includes claims against our Company, which are not accepted by our Company such as claims under construction expenses, bank guarantee encashments and labour and land related claims. Our Company does not expect any outflow of economic resources in respect of these claims and therefore no provision is made in our books of accounts. Consequently, these claims are shown as contingent liabilities in our financial statements. The details of the claims are set out in the table below:*

Name of Entity	*Financial year ended March 31, 2024 (in ₹ crore)*
Hindustan Construction Company Limited	*238.69*
Steiner AG, Zurich	*91.91*
HCC Infrastructure Company Limited	*39.12*
Total	***369.72***

Our contingent liabilities may actualise and if a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future. For further details in relation to our contingent liabilities, see "***Financial Information– Audited Consolidated Financial Statements for the Fiscal 2024 – Note 35***" on page 279.

25. If we cannot respond adequately to increased competition in the future, we may lose market share and our business, results of operations, financial condition and prospects may be materially and adversely affected.

We face significant competition from our peers and owing to the nature of our business, majority of our business and procuring a project depends on bidding process, which entails intense competition. Although we have a business strategy which seeks to minimize the effects of such competition, there can be no assurance that such competition will not erode our profit margins. For details on our competitors, see "***Our Business – Competition***" on page 207.

Projects are awarded following competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. Once the prospective bidders satisfy the pre-qualification requirements of the tender, the project is usually awarded based on the price of the contract quoted by the prospective bidder. The nature of this process may cause us and other prospective bidders to lower prices for award of the contract, so as to maintain market share. This could have a material negative effect on our financial condition, results of operations and prospects. If we are unable to bid competitively, we may fail to increase or maintain our Order Book, which would also materially and adversely affect our business, results of operations and prospects.

In Switzerland, competition already has and may continue to put pressure on our client relationships, pricing and reliability on our service and raw material supply and margin pressure could arise from, among other things, limited demand growth and overcapacity in a relevant market, price reductions by competitors, the ability of competitors to capitalize on their economies of scale, the access of competitors to new technologies that we may not possess. Further, we face increasing competition from foreign companies entering Switzerland, particularly those from neighbouring countries. Any intensification of competition or failure of us to compete successfully with our competitors could have an adverse effect on the demand for, and pricing of, our services and our market share, and as a result, could have a material adverse effect on our business, results of operation, financial condition and prospects.

26. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds

As on the date of this Preliminary Placement Document, our funding requirements are based on management estimates, current circumstances of our business, the prevailing market condition and other commercial and technical factors and have not been appraised by any bank or financial institution or any other independent agency. They are based on current conditions and are subject to change in light of financial condition, business strategy and external factors such as market conditions, competitive environment and interest or exchange rate fluctuations and other external factors which may not be within the control of our management. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. Our internal management estimates may exceed the value that would have been determined by third-party appraisals, which may require us to reschedule or reallocate our expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, and other financial and operational factors. Accordingly, prospective investors in the Offer will need to rely upon our management's judgment with respect to the use of Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

27. We are subject to anti-bribery and anti-corruption laws, violation of which may subject our Company to governmental inquiries and/or investigations, which if material and adverse in nature, could adversely affect our business, results of operations and financial condition in future periods and our reputation.

We have operations and projects, in India. Those operations and projects often involve interactions with governmental authorities and officials at the Indian federal, state and local level. We are subject to anti-corruption and anti-bribery laws in India that prohibit improper payments or offers of improper payments to governments and their officials and political parties for the purpose of obtaining or retaining business or securing an improper advantage and require the maintenance of internal controls to prevent such payments. Although, we maintain an anti-bribery compliance program and train our employees in respect of such matters, our employees might take actions that could expose us to liability under anti-bribery laws. In certain circumstances, we may be held liable for actions taken by our partners and agents, even though they are not always subject to our control. Further, we may be subject to or exposed to present inquiries and investigations under the anti-bribery or anti-corruption laws of other countries (such as the U.S. Foreign Corrupt Practices Act). It is not possible to predict the outcome or timing of commencement, continuation and completion of inquiries or investigation(s), as the case may be, in India or overseas. Any finding of a violation of anti-corruption laws against us could result in penalties, both financial and non-financial, that could consequently have a material adverse effect on our business and our reputation. Any violation of anti-corruption laws against us could result in penalties, both financial and non-financial, that could have a material adverse effect on our business, results of operations and financial condition in future periods and reputation.

28. We may be subject to interest rate risk.

Our finance costs for the three months ended September 30, 2024, Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022, amounted to ₹ 305.25 crore, ₹ 813.27 crore, ₹ 1,012.31 crore and ₹ 1,036.26 crore, respectively. Interest rates on our OCDs and NCDs are fixed currently, however lenders may propose to increase the rates in future. Our working capital facilities are on a floating rate when converted into fund based and our external commercial borrowings are linked to Secured Overnight Financing Rate ("SOFR"). Accordingly, to the extent we incur floating rate indebtedness, changes in interest rates may increase our cost of borrowing, impacting our profitability and having an adverse effect on our ability to pay dividends to our shareholders. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. Interest rate increases could result in our interest expense exceeding the income from our property portfolio, which may result in operating losses for us. Additionally, if the interest rates for our borrowings in relation to our projects increase significantly, our cost of funds will increase which could adversely impact our results of operations, planned capital expenditures and cash flows.

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

In terms of Section 152(6) of the Companies Act, 2013, at least two-third of the total number of directors of a public company, excluding the independent directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. We have a total of nine Directors on our Board, of which four directors are required to be designated as liable to retire by rotation, however, currently only two of our directors are liable to retire by rotation. Accordingly, our Board of Directors is currently not in compliance with this provision of the Companies Act, 2013. While we are in the process of identifying additional directors to meet this requirement, we cannot assure you that our Company will be able to appoint or identify such additional directors in a timely manner or at all consequent to which RoC or any other regulatory authority may impose a penalty or a fine or on our Company.

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

Our Company has, in the course of our business, entered into transactions with related parties. For further details, see the section "***Financial Information***", beginning on page 279. All such related party transactions entered into by our Company have been entered into in compliance with the Companies Act, 2013 and other applicable laws, and on an arms-length basis. However, such transactions or any future transactions with our related parties could potentially involve conflicts of interest. There can be no assurance that we could not have achieved more favourable terms if such transactions had been entered into with unrelated parties or that we will be able to maintain existing terms, in cases where the terms are more favourable than if the transaction had been conducted on an arms-length basis. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, cash flows, prospects, financial condition and results of operations.

31. ***The failure of a joint arrangement partner to perform its obligations could impose additional financial and performance obligations resulting in reduced profits or, in some cases, significant losses from the joint venture.***

While we typically execute majority of our projects independently, we also form project specific joint ventures, joint operations and consortiums with other infrastructure and construction companies. Typically, we detail our roles and responsibilities in our joint bidding documents or joint venture agreements executed with such third parties. As on the date of this Preliminary Placement Document, our Company has formed eight Joint Operations in India, one Joint Operation in foreign country and one Joint Venture in India, details in relation to which have been set out below:

Sr. No.	Name of the entity	Name of the joint venture partner	Purpose of the entity	Share of our Company in the entity (in %)	Status of the project
Joint Operations in India					
1	Alpine – HCC Joint Venture	Alpine Meyreder Bau	Construction and execution of the Delhi Metro project (airport expressway)	49.00	Completed
2	Alpine – Samsung – HCC Joint Venture	Itochu, Alpine Meyreder Bau, Samsung Corporation	Construction and execution of two metro stations for the DMRC	33.00	Completed
3	HCC – HDC Joint Venture	Hyundai Development Company	Construction and execution of the Mumbai Coastal Road project	55.00	Ongoing
4	HCC – L&T Purulia Joint Venture	Larsen and Toubro Limited	Construction and execution of Purulia pump storage project in West Bengal	57.00	Completed
5	HCC – Samsung Joint Venture CC 34	Samsung C&T Corporation	Construction and execution of CC 34 package of Delhi Metro Phase II	50.00	Completed
6	HCC – VCCL Joint Venture	Vensar Constructions Company Limited	Construction and execution of DMRC DC 06 project	50.00	Completed
7	Kumagai – Skanska – HCC – Itochu Group	Skanska and Kumagai	Construction of the underground Delhi Metro and station building	19.6	Completed
8	Nathpa Jhakri Joint Venture	Impregilio-Spa, Italy	Construction of hydropower project in Himachal Pradesh	40.00	Completed
Joint Operation in foreign country					
9	Werkarena Basel AG	P.A. Real Estate AG	Construction and development of business complex	50.00	Completed
Joint Venture in India					
10	Prolific Resolution Private Limited	Jadeja Investments Management Private Limited	Management of awards and claims carved out from our Company, pursuant to a resolution plan	49.00	NA

The success of these joint ventures and joint operations depends significantly on the satisfactory performance by our joint arrangement partners and fulfilment of their obligations. The share of total revenue from our Joint Operations in India to our total revenue in the Fiscal 2024, 2023 and 2022 and in the six months ended September 30, 2024, is set forth below:

Period	Share of total revenue from Joint Operations (in ₹ crore)	As a percentage of our total revenue (in%)
For the six months ended September 30, 2024	188.93	5.78%
Fiscal 2024	475.47	6.66%
Fiscal 2023	199.08	2.39%
Fiscal 2022	192.37	1.78%

If our joint venture partners fail to perform these obligations satisfactorily, the joint venture or joint operation may be unable to perform adequately or deliver its contracted services. In this case we may be required to make additional investments and/or provide additional services to ensure the adequate performance and delivery of the contracted services because we are subject to joint and several liabilities as a member of the joint venture or joint operation in most of our projects. These additional obligations could result in reduced profits or, in some cases, significant losses for us. The inability of a joint venture partner to continue with a project due to financial or legal difficulties could mean that we would bear increased and possibly sole responsibility for the completion of the project and bear a correspondingly greater share of the financial risk of the project.

32. Our profitability may be adversely affected if we cannot continue to use, license or enforce the technology and other intellectual property rights on which our business depends.

Our intellectual property and technology offerings are important to our businesses. We rely upon intellectual property laws, including trademark, copyright and patent laws, as well as confidentiality procedures and contractual provisions included in agreements with our employees, clients, suppliers and other parties, to establish and maintain intellectual property rights in the technology and services we sell, provide or otherwise use in our operations. However, any of our technology and intellectual property rights or technology and intellectual property licensed to us could be challenged, invalidated or circumvented, or such technology intellectual property rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages. Enforcement of such laws in India may be weak and resolution of intellectual property disputes may be time consuming and ineffective.

The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenue and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be expensive and divert our attention and resources from operating the Company. Because of the rapid pace of technological change in our industry, our technology and service offerings rely on key technologies developed by us or licensed from third parties. We may not be able to develop or continue to avail of licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our intellectual property.

33. We maintain a workforce based upon current and anticipated workloads. If we do not receive future contract awards or if these awards are delayed, we could incur significant costs.

Our estimates of future performance depend on, among other things, whether and when we will receive certain new contract awards. Our ability to bid for new projects and to win bids ensures engagement of our work force and covers associated costs. Failure to successfully bid for contracts may result in additional costs for our Company. While our estimates are based upon our best judgment, these estimates are dynamic and may therefore be unreliable and may frequently change based upon newly available information. In the case of large-scale projects where timing is often uncertain, it is particularly difficult to predict whether or when we will receive a contract award. The uncertainty of contract awards and timing can present difficulties in matching workforce size with contract needs. If an expected contract award is delayed or not received, we could incur costs due to maintaining under-utilized staff and facilities that would have a material adverse effect on our results of operations and financial condition.

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

We are required to obtain certain statutory and regulatory approvals or permits at various stages in the development of our projects. For example, if a specific parcel of land has been deemed as agricultural land by certain regulatory bodies, we cannot develop such land without obtaining prior approval. Also, slum rehabilitation projects depend substantially upon approvals, such as letters of intent, or occupancy certificates, from certain governmental agencies for the replacement of permanent housing for former slum dwellers. It is vital to obtain these approvals in order to commence and ultimately complete many projects.

We may encounter delays in obtaining these approvals or may not be able to obtain such approvals at all. Moreover, there can be no assurance that we will not encounter difficulties in fulfilling any conditions precedent to the approvals described above or any approvals we require in the future, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of the approvals. If we fail to obtain, or experience material delays in obtaining, approvals, the schedule of development could be substantially disrupted, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

It Is possible that some projects will be located in areas that will require significant infrastructure support, Iding roads, electrical power, telecommunications, water and waste treatment. We may be dependent on third parties, including local authorities, to provide such services. Any delay or failure by any third party to provide such additional services or a failure to obtain any required consents and approvals on acceptable terms or in a timely fashion may affect our ability to execute or complete existing and/or new development projects.

35. ***We may face risks associated with incomplete property developments such as undertaking of construction and development activities in excess of the budgeted amounts.***

Property developments typically require substantial capital outlay during the construction period and we may take an extended period of time to complete and to occupy before a potential return can be generated. The time and costs required to complete a property development may be subject to substantial extensions and increases due to many factors, including shortages of, or price increases with respect to, construction materials (which may prove defective), equipment, technical skills and labour, adverse weather conditions, third party performance risks, environmental risks, changes in market conditions, changes in government or regulatory policies, delays in obtaining the requisite approvals, permits, licenses or certifications from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent the completion of, a property development project and result in costs substantially exceeding those originally budgeted for which we may not be adequately compensated by insurance proceeds (if any) and/or contractual indemnities. This could have a material adverse effect on our business, financial condition and results of operation.

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

The right to own property in India is subject to restrictions that may be imposed by the government. In particular, the government under the provisions of the Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 ("**Land Acquisition Act, 2013**") has the right to compulsorily acquire any land if such acquisition is for a "public purpose", after making payment of compensation to the owner. The Land Acquisition Act, 2013 inter alia, stipulates (i) restrictions on land acquisition (for example, certain types of agricultural land), and (ii) compensation, rehabilitation and resettlement of affected people residing on such acquired land. However, the compensation paid pursuant to such acquisition may not be adequate to compensate the owner for the loss of such property. The likelihood of such actions may increase as the central and state governments seek to acquire land for the development of infrastructure projects such as roads, railways and airports. Any such action in respect of any of the projects may result in unforeseeable delays in commencing the project which has been awarded to us and thus, adversely affect our investments, business, financial condition or results of operations.

Further, the real estate sector is subject to local and municipal laws and taxes, in addition to central and state level laws and taxes, which vary from region to region. Further, such laws and taxes are subject to changes or revisions from time to time. Municipal taxes and statutory expenses for compliance with such laws could lead to a reduction in the return on our investments. The land held or acquired by us may be materially and adversely affected by such revisions thereby reducing the value of such investments. and delay in project development.

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

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

38. We may experience delays and/or defaults in our receivables, or delay in the release of bidding guarantees, prepayment guarantees or retention monies which could have a material adverse effect on our results of operations and financial condition.

Most of our engineering and construction contracts require us to commit a certain amount of cash and other resources to projects prior to receiving any advances, progress or other payments from the clients in amounts sufficient to cover expenditures on projects as they are incurred as a result of providing bidding guarantees, prepayments guarantees, performance guarantees and retention monies arrangements under such contracts. Delays in client payments may require us to make a working capital investment. If a client defaults in making its payments on a project on which we have devoted significant resources or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our results of operations and financial condition. For instance, in one of our projects, there were significant delays in payment of monthly bills. In addition, there have been instances of delay in releasing receivables on account of work-in-progress and security money withheld by the client, which had adverse impact on cash flow and non-fund based resources of the Company.

Details of receivables in respect are set forth below:

(₹ in crore)

Assets	Total trade receivables as of March 31, 2024
Non-Current	703.15
Current	2,204.17

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

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

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

As of September 30, 2024, we had issued bank guarantees amounting to ₹2,628.94 crore towards securing our financial/ performance obligations under our ongoing projects. Set out below are the details of the guarantees issued by our Company as of September 30, 2024:

Sr. No.	Types of Operation Bank Guarantees	Amount (in ₹ crore)
1	Advance bank guarantee	630.18
2	Performance bank guarantee	1095.43
3	Retention / security deposit	495.68
4	Supplier bank guarantee	32.84
5	Tender / EMD bank guarantee	83.66
6	Other bank guarantees	291.15
Total		**2,628.94**

We may be unable to fulfil any or all of our obligations under the contracts entered into by us in relation to our ongoing projects due to unforeseen circumstances which may result in a default under our contracts resulting in invocation of the bank guarantees issued by us. If any or all the bank guarantees are invoked, it may result in a material adverse effect on our business and financial condition.

40. Certain sections of this Preliminary Placement Document contains information from CARE Report which has been commissioned and paid for by us and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.

Pursuant to being engaged by us, CARE prepared an industry report, CARE Report, on the Indian infrastructure. Certain sections of this Preliminary Placement Document include information based on, or derived from, the CARE Report or extracts of the CARE Report. We commissioned and paid for this report for the purpose of confirming our understanding of the industry in connection with the Issue. None of our Company (including our Directors), the legal counsels and the Book Running Lead Managers, nor any other person connected with the Issue has verified the information covered in the CARE Report and cannot provide any assurance regarding the information in this Preliminary Placement Document derived from, or based on, the CARE Report.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts, and assumptions that may prove to be incorrect. Industry sources do not guarantee the accuracy, adequacy, or completeness of the data. Further, the CARE Report is not a recommendation to invest / disinvest in any company covered in the CARE Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Preliminary Placement Document, based on, or derived from, the CARE Report. You should consult your own advisors and undertake an independent assessment of information in this Preliminary Placement Document based on, or derived from, the CARE Report before making any investment decision regarding the Issue. See "*Industry Overview*" on page 130.

41. We engage in engineering and construction of road projects in India and the roads sector in India is prone to certain regulatory hurdles and may impose financial burden on our Company.

We have undertaken road projects in India undertaken or awarded by governmental authorities and other entities funded by the GoI or state governments and continue to do so. We have built around 4,036 kilometres of roads and some of our key completed projects, include the Bandra-Worli sea link in Mumbai, Maharashtra, Pir Panjal tunnel between Qazigund in the Kashmir valley and Banihal in the Jammu region, more than 100 kilometre four-lane road in Lucknow Muzaffarpur region and the rail-cum-road bridge at Bogibeel in Assam. For further details, see "***Our Business***" on page 207. The companies involved in the EPC business for the roads sector are prone to various risks such as delays owing to government entities not being able to acquire lands in accordance with the Land Acquisition Act, 2013 and the financial stress the companies involved in the roads sector may face due to long gestation periods and long borrowing repayment schedules. For details, see "***Industry Overview - Transportation (Roads, Highway and Port) - Major challenges faced by the roads sector***" on page 130.

Further, there can be no assurance that the Government of India or the state governments will continue to place emphasis on the road infrastructure or related sector. In the event of any adverse change in budgetary allocations for infrastructure development or a downturn in available work in the road infrastructure sector or resulting from any change in government policies or priorities, our business prospects and our financial performance, may be adversely affected. The contracts with government entities may be subject to extensive internal processes, policy changes, government or external budgetary allocation, insufficiency of funds and political pressure, which may lead to lower number of contracts available for bidding or increase in the time gap between invitation for bids and award of the contract or lead to renegotiation of the terms of these contracts which may lead to a delay in our business operations.

External Risk Factors

42. A slow-down in economic growth in India and other political and economic factors in the future may adversely affect our business and results of operations.

A substantial number of our projects are located in India and a substantial part of our revenues is derived from the domestic market. We and the market price and liquidity of the Equity Shares may be affected by foreign exchange rates and controls, interest rates, changes in central government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy.

The Central Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The Government has in recent years sought to implement economic reforms and policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Governments. However, there can be no assurance that these liberalization policies and the political stability will continue in the future. The rate of economic liberalization could change, and laws and policies affecting project construction providers, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular. Our business, and the market price and liquidity of the Equity Shares may be affected by interest rates, changes in central government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

Government policy measures like demonetization or events like the COVID-19 pandemic impacted certain sectors of the Indian economy, including the infrastructure sector, due to cash crunch with both the construction contractors and the clients. Such slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

Recent trends indicate a decline in lending to companies in the infrastructure and construction space. Moreover, a number of banks in India are currently under the corrective action initiative of the Central Government resulting in increased restrictions on the funds available with such banks for lending. Such reduced access to funding may have a material adverse effect on our business, financial condition and results of operations.

43. The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. For instance, failure to get continuous supply of electricity to the industrial belt could impact industrial output. Further, such problems could interrupt our business operations, which could have an adverse effect on our results of operations and financial condition.

44. We may be affected by competition law in India and any adverse application or interpretation of the

Competition Act may in turn adversely affect our business.

The Competition Act, 2002 ("**Competition Act**"), was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India ("**CCI**") to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian central government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset- and turnover-based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it may adversely affect our business, financial condition, cash flows, results of operations and prospects.

45. Instability in financial markets could materially and adversely affect our results of operations and financial condition.

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any economic and financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The global financial crisis starting in late 2008, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets and Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index.

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

Any future geopolitical and financial crisis may have an adverse impact on the Indian economy and us and may have a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

46. Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad

may disrupt or otherwise adversely affect the Indian economy, the health of which our business depends on.

India has from time to time experienced social and civil unrest and terrorist attacks. These events could lead to political or economic instability in India. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected. India has also experienced social unrest, Naxalite violence and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and trading price of our Equity Shares. Our projects are impacted by the stability of the regions where they are located. For instance, civil disturbance in Manipur has impacted our Imphal projects and operations adversely.

47. Significant differences exist between Ind AS and other accounting policies, such as Indian GAAP, IFRS and U.S GAAP, which may be material to investors' assessment of our financial condition.

As stated in the report of our Statutory Auditors included in this Preliminary Placement Document, our financial statements for Fiscal 2024 have been prepared have been prepared under Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015. No attempt has been made to reconcile any of the information given in this Preliminary Placement Document to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in Preliminary Placement Document.

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

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

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

49. A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the SEBI SAST Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors / shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, if a potential takeover of our Company would result in the purchase of the Rights Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of SEBI SAST Regulations.

50. Investors may have difficulty enforcing foreign judgments against us or our management.

We are a limited liability company incorporated under the laws of India. All of our directors and key management personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties outside India.

Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

51. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business results of operations, cash flows and financial performance.

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

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

We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country.

The GoI introduced new laws relating to social security, occupational safety, industrial relations and wages namely, the Code on Social Security, 2020, the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labor legislations, were to take effect from April 1, 2021 (collectively, the "**Labour Codes**"). The GoI has deferred the effective date of implementation of the respective Labour Codes, and they shall come into force from such dates as may be notified. Different dates may also be appointed for the coming into force of different provisions of the Labour Codes. While the rules for implementation under these codes have not been notified in its entirety, as an immediate consequence, the coming into force of these codes could increase the financial burden on our Company, which may adversely impact our profitability. We are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future. For example, Code on Social Security, 2020, aims to provide uniformity in providing social security benefits to the employees which was earlier segregated under different acts and had different applicability and coverage. Furthermore, the Code on Wages, 2019 limits the amounts that may be excluded from being accounted toward employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the wages payable to employees. The implementation of such laws has the ability to increase our employee and labour costs, thereby adversely impacting our results of operations, cash flows, business and financial performance.

The GoI or state governments could implement new regulations and policies, which could require us to obtain approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, prospects, financial condition and results of operations.

52. Investors in the Equity Shares offered in the Issue may be unable to enforce a judgment of a foreign court against our Company, Directors, members of the Senior Management or Key Management Personnel, the BRLMs or any of their directors or executive officers in India, except by way of a lawsuit in India.

Our Company and its subsidiaries are incorporated under the laws of India. Substantially all of our directors and key management personnel are residents of India and substantially all of our assets are located in India. As a result, it may not be possible for investors to effect service of process upon such persons outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. Further, any judgment or award in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Civil Procedure Code. The Civil Procedure Code only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. Furthermore, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the Reserve Bank of India to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approval would be acceptable. Such an amount may also be subject to income tax in accordance with applicable law.

53. Any downgrading of India's sovereign rating by a credit rating agency could have a negative impact on our business.

Our borrowing costs and our access to the capital markets depend significantly on the credit ratings of India. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business, results of operations, financial condition, cash flows and the price of the Equity Shares.

Risks Relating to the Equity Shares and the Issue

54. We may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM)

and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advise investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility. We may be subject to general market conditions which may include significant price and volume fluctuations. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation. In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

55. Your ability to acquire and sell Equity Shares offered in this Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document.

No actions have been taken to permit a public offering of the Equity Shares offered in this Issue in any jurisdiction. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For details, see "***Selling Restrictions***" on page 246. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For details, see "***Transfer Restrictions***" on page 251. You are required to inform yourself about and observe these restrictions. Our Company, its representatives and its agents will not be obligated to recognise any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

56. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of one year from the date of allotment of the Equity Shares.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of allotment of Equity Shares allotted pursuant to the Issue. Eligible Investors subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Furthermore, allotments made to FVCIs, VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to each of them, respectively including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

57. After this Issue, the price of our Equity Shares may be volatile, and you may not be able to sell the Equity Shares at or above the Issue Price.

The Issue Price will be determined by us in consultation with the Book Running Lead Managers, based on Bids received in compliance with Chapter VI of the SEBI Regulations and the provisions of the Companies Act, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. We cannot provide assurance that you will be able to resell the Equity Shares profitably. We cannot assure that an active trading market for the Equity Shares can be sustained post the Issue or that the trading price of the Equity Shares will correspond to the historically traded price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian financial services industry and the perception in the market about investments in the power generation industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition, or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Furthermore, the trading price of our Equity Shares have been volatile in the past and for more details see "***Market Price Information***" on page 81. Each of these factors, among others, could adversely affect the price of our Equity Shares. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

58. We cannot assure payment of dividends on the Equity Shares in the future.

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, consolidated net operating profit after tax, working capital requirements, capital expenditure requirements, resources required to fund acquisitions and/or new businesses, cash flows required to meet contingencies, outstanding borrowings, past dividend trends, prevailing legal requirements, regulatory conditions or restrictions laid down under relevant applicable laws including tax laws, dividend pay-out ratios of companies in the same industry and economic viability.

Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and subsequent approval of Shareholders and will depend on factors that our Board of Directors and Shareholders deem relevant, including among others, our future earnings, financial condition, cash flows, capital requirements, capital expenditures, business prospects and restrictive covenants under our financing arrangements, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Our Board may also, from time to time, declare interim dividends from the profits of the Financial Year in which such interim dividend is sought to be declared. Additionally, under some of our loan agreements, we are not permitted to declare any dividends without prior consent from the lenders if there is an event of default under such loan agreements or unless we have paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof.

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be paid or that the amount thereof will not be decreased in the future. Accordingly, realisation of a gain on investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. We cannot assure you that we will be able to pay dividends at any point in the future.

59. Fluctuations in the exchange rate between the Indian Rupee and other currencies could have an adverse effect on the value of our Equity Shares in those currencies, independent of our operating results.

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Indian Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for such sale, may reduce the proceeds received by investors. The exchange rate between the Indian Rupee and other currencies (such as, the U.S. dollar, the Euro, the Pound Sterling and the Singapore dollar) has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares in foreign currency terms, independent of our operating results. In addition, our Company's valuation could be harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyse its value based on the relevant foreign currency equivalent of our Company's financial condition and results of operations.

60. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their percentage ownership of the outstanding Equity Shares.

A company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless these rights have been waived adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution. If we offers to our shareholders rights to subscribe for additional Equity Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making the rights available to our shareholders or in disposing of the rights for the benefit of our shareholders and making the proceeds available to the shareholders. We may choose not to offer the rights to our shareholders having an address outside India.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing.

If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

61. Any future issuance of the Equity Shares by us or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of our investors' shareholdings.

Except for the customary lock-up on our ability to issue equity or equity linked securities discussed in "***Placement***" on page 244, there is no restriction on our ability to issue Equity Shares or our major shareholders' ability to dispose-off their Equity Shares, and we cannot assure you that we will not issue Equity Shares or that any major shareholder will not dispose of, encumber, or pledge, its Equity Shares. Future issuances of Equity Shares may dilute your shareholding and may adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then current trading price of our Equity Shares. Sales of Equity Shares by our major shareholders may also adversely affect the trading price of our Equity Shares. We have also issued employee stock options to certain of our employees. To the extent such outstanding employee stock options are exercised, there will be further dilution to investors in this Issue, which may also adversely affect the trading price of the Equity Shares. For details, see "***Capital Structure***" on page 97.

62. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

The price of the Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based, amongst others, on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to, and do not, inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the

Equity Shares, may be adversely affected at a particular point in time.

63. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on equity shares sold on an Indian stock exchange. Any capital gain exceeding ₹100,000, realized on the sale of listed equity shares on a recognised stock exchange, held for more than 12 months may be subject to long-term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess). This beneficial provision is, inter alia, subject to payment of STT on both acquisition and sale of the equity shares. Further any capital gain realised on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess), without indexation benefits. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less immediately preceding the date of transfer, will be subject to short-term capital gains tax in India at the rate of 15% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain realised upon the sale of the Equity Shares.

Any dividend distributed by a domestic company is subject to tax in the hands of the shareholders at the applicable rate. Further, our Company is required to withhold tax on such dividends distributed. Non-resident shareholders may claim benefit of the applicable tax treaty, subject to satisfaction of certain conditions. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

Similarly, any business income realized from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller.

The Government of India has announced the interim union budget for the financial year 2024-2025 and has enacted the Finance Act, 2024. While the Finance Act, 2024 does not propose significant changes to IT Act, the full union budget which is likely to be announced in the month of July, 2024, may introduce amendments to the IT Act. There is no certainty on the impact of the full union budget on tax laws or other regulations, which may adversely our business, financial condition, or results of operations. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares. We cannot predict whether any tax laws or other regulations impacting it or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations could have a material adverse effect on the trading price of our Equity Shares.

64. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of the Equity Shares between non-residents and residents and issuances of shares to non-residents by our company are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified under applicable law. If such issuances or transfers are not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the specified exceptions, then prior approval of the RBI will be required. Furthermore, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Rules, all investments under the foreign direct investment route by entities of a country which share a land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Furthermore, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India may require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. These foreign investment restrictions may adversely affect the liquidity and free transferability of the Equity Shares and could result in an adverse effect on the price of the Equity Shares.

The GoI may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the GoI experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the GoI's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI, or any other government agency can be obtained on any particular terms, or at all.

65. The Indian tax regime has undergone substantial changes which could adversely affect our business and the trading price of our Equity Shares.

Any change in Indian tax laws could have an effect on our operations. For instance, the Government of India implemented two major reforms in Indian tax laws, namely the Goods and Services Tax ("**GST**"), and provisions relating to general anti-avoidance rules ("**GAAR**"). The indirect tax regime in India underwent a complete overhaul. Any dividend distribution by a domestic company is subject to tax in the hands of the investor at their applicable income tax rate. Taxes are to be withheld by the Indian company on such dividends at the applicable rate. Non-resident shareholders may claim benefit of the applicable tax treaty read with the Multilateral Instrument, if and to the extent applicable, subject to satisfaction of certain conditions. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, the Government of India has announced the interim union budget for the financial year 2024-2025 and has enacted the Finance Act, 2024. While the Finance Act, 2024 does not propose any significant changes to the IT Act, the full union budget which is likely to be announced in July, 2024, which may introduce amendments to the IT Act. There is no certainty on the impact of the full union budget on tax laws or other regulations, which may adversely affect our business, financial condition, results of operations or on the industry in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Equity Shares. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our products and services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether if at all, any laws or regulations would have an adverse effect on our business. Further, any adverse order passed by the appellate authorities/ tribunals/courts would have an effect on our profitability. In addition, we are subject to tax related inquiries and claims.

66. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;

- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

67. Applicants to this Issue are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

In terms of Regulation 179 (1) of the SEBI ICDR Regulations, applicants to the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven days and up to ten days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operations or financial condition, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

68. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Subject to the relevant transfer restrictions, investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Furthermore, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

69. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as our shareholder than as a shareholder of an entity in another jurisdiction.

MARKET PRICE INFORMATION

As on the date of this Preliminary Placement Document, 1,67,98,80,784 Equity Shares are issued, subscribed and fully paid up. The Equity Shares have been listed and are available for trading on BSE and NSE.

On December 16, 2024, the closing price of the Equity Shares on BSE and NSE was ₹ 46.07 and ₹ 46.11 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on NSE and BSE and number of Equity Shares traded on the days on which such high and low prices were recorded for the Fiscals 2024, 2023 and 2022:

NSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crores)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crores)	Average price for the year (₹)	Total Volume of Equity Shares traded in the fiscals	Total Turnover of Equity Shares traded in the fiscals (₹ in crores)
Fiscal 2024	45.95	February 01, 2024	10,46,14,994.00	480.08	14.30	April 18, 2023	82,19,763.00	11.86	26.96	10,40,81,51,413.00	28517.85274
Fiscal 2023	21.95	December 20, 2022	8,68,49,394.00	191.33	10.65	June 20, 2022	44,39,793.00	4.83	15.11	5,12,49,97,928.00	8,854.85
Fiscal 2022	19.00	February 11, 2022	7,00,22,052.00	128.77	7.30	April 23, 2021	13,38,528.00	0.99	12.14	2,59,28,44,635.00	3600.68

(Source: www.nseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

BSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crores)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crores)	Average price for the year (₹)	Total Volume of Equity Shares traded in the fiscals	Total Turnover of Equity Shares traded in the fiscals (₹ in crores)
Fiscal 2024	45.96	February 02, 2024	46,60,720.00	21.67	14.27	April 18, 2023	11,46,860.00	1.66	26.95	1,48,85,25,752.00	3880.83
Fiscal 2023	21.95	December 20, 2022	88,77,844.00	19.56	10.64	June 20, 2022	12,09,451.00	1.32	15.12	78,33,25,043.00	1318.22
Fiscal 2022	19.00	February 11, 2022	66,34,303.00	12.26	7.35	April 23, 2021	1,88,604.00	0.14	12.14	47,37,70,374.00	646.55

(Source: www.bseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

B. The following tables set out the reported high, low and average of the closing prices of our Equity Shares recorded on NSE and BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months:

NSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crores)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crores)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in crores)
November, 2024	42.82	November 29, 2024	1,88,41,057.00	80.55	35.36	November 18, 2024	1,44,35,113.00	51.04	38.50	30,04,76,874.00	1,174.10
October, 2024	44.09	October 16, 2024	2,11,47,547.00	93.68	36.41	October 25, 2024	2,15,25,365.00	78.44	40.27	41,37,43,284.00	1,683.94
September, 2024	48.11	September 05, 2024	3,14,29,510.00	149.73	41.91	September 19, 2024	1,95,09,137.00	82.58	44.66	31,69,35,754.00	1,422.98
August, 2024	53.09	August 01, 2024	4,42,26,299.00	238.08	45.74	August 14, 2024	2,02,93,627.00	93.70	48.24	55,68,85,458.00	2,716.00
July, 2024	55.75	July 31, 2024	4,40,20,480.00	244.45	46.04	July 19, 2024	3,57,83,105.00	166.81	50.48	1,23,82,17,589.00	6,402.92
June, 2024	50.91	June 25, 2024	7,62,32,079.00	397.35	34.75	June 04, 2024	3,83,05,144.00	135.88	45.28	1,25,43,82,232.00	5,827.32

(Source: www.nseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

BSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crores)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crores)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in crores)
November, 2024	42.83	November 29, 2024	25,69,246.00	10.99	35.37	November 13, 2024	20,59,775.00	7.39	38.51	2,98,49,128.00	116.25
October, 2024	44.17	October 16, 2024	17,46,700.00	7.74	36.35	October 25, 2024	33,36,795.00	12.14	40.28	5,08,64,127.00	205.49
September, 2024	48.11	September 05, 2024	26,07,688.00	12.43	41.88	September 19, 2024	28,91,415.00	12.21	44.65	3,33,74,873.00	149.49
August, 2024	53.09	August 01, 2024	24,17,865.00	13.02	45.74	August 14, 2024	25,84,878.00	11.94	48.25	6,33,68,803.00	307.20
July, 2024	55.69	July 31, 2024	41,15,471.00	22.85	46.07	July 19, 2024	65,28,137.00	30.39	50.49	12,44,41,113.00	639.60
June, 2024	50.93	June 25, 2024	38,91,998.00	20.28	34.73	June 04, 2024	58,75,648.00	20.86	45.28	12,73,82,962.00	596.59

(Source: www.bseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

C. The following table sets forth the market price on the Stock Exchanges on August 6, 2024, i.e., the first working day following the approval of our Board for the Issue:

BSE						NSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹)**	**Open (₹)**	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (in ₹ crores)**
47.71	49.15	45.57	45.92	92,84,121.00	43.99	48	49.18	45.55	45.90	6,08,27,330.00	288.04

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The proceeds of the Issue ("**Proceeds**") aggregates to ₹ [●] crores. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions, and the estimated expenses of the Issue of approximately ₹ [●] crore (including applicable taxes), shall be approximately ₹ [●] crore (the "**Net Proceeds**").

Objects of the Issue

Subject to applicable laws and regulations, our Company intends to use the Net Proceeds to finance (in whole or part) one or more, or any combination of the following ("**Objects**"):

S. No.	Particulars	Amount ₹ crore
1	Repayment and/ or pre-payment, in full or in part, of certain outstanding borrowings availed by our Company, Associates and/ or Joint Venture	520.00
2	Augmenting our working capital	200.00
3	General Corporate Purposes*	[●]
	Total Proceeds	**[●]**

* *The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds. To be determined upon finalisation of the Issue Price and to be updated in the Placement Document.*

In the event of a change in the Net Proceeds due to upward or downward revisions in Issue Size, the amounts shown in the table above against the use of proceeds specified therein shall be modified basis the final Issue size in the Placement Document.

The main objects and objects incidental and ancillary to the main objects of the memorandum of association of our Company enable us to undertake (i) existing activities and (ii) the activities proposed to be funded from the Net Proceeds.

Proposed schedule of implementation and deployment of Net Proceeds

S. No.	Particulars	Amount ₹ crore	Proposed schedule for deployment of the Net Proceeds	
			Fiscal 2025	Fiscal 2026
1	Repayment and/ or pre-payment, in full or in part, of certain outstanding borrowings availed by our Company, Associates and/ or Joint Venture	520.00	520.00	-
2	Augmenting our working capital	200.00	[●]	[●]
3	General Corporate Purposes*	[●]	[●]	[●]
	Total Proceeds	**[●]**	**[●]**	**[●]**

* *The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds. To be determined upon finalisation of the Issue Price and to be updated in the Placement Document.*

The funding requirements, deployment of funds and the intended use of Net Proceeds indicated above is based on management estimates, current circumstances of our business, our existing business plans, the prevailing market conditions and other commercial and technical factors. Given the nature of our business, we may have to revise our funding requirements and intended deployment schedule on account of a variety of factors such as our financial condition, business strategy, delay in procuring and operationalizing assets or necessary licenses and approvals, and external factors such as market conditions, competitive environment, price fluctuations and interest or exchange rate fluctuations and other external factors which may not be within the control of our management. Depending upon such factors, we may have to reduce or extend the deployment period for the stated objects. This may entail rescheduling or revising the planned expenditure, implementation schedule and funding requirements, including the expenditure for a particular purpose, at the discretion of our management, subject to compliance with applicable law. Subject to applicable law, if the actual utilisation towards the Objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds.

In case of a shortfall in raising requisite capital from the Net Proceeds, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue, subject to compliance with applicable laws.

For further details, see "*Risk Factors - Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds*." on page 63. Our Company proposes to deploy the entire Net Proceeds towards the Objects stated above. If the Net Proceeds are not utilized (in full or in part) for the Objects for the period stated above due to any reason, including (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized (in part or full) in subsequent periods in such manner as may be determined by our Company, in accordance with applicable laws. Further, our Company may also utilise any portion of or the entire Net Proceeds, towards the aforementioned Objects, ahead of the estimated schedule of deployment specified above.

Details of the Objects

1. Repayment and/ or pre-payment, in full or in part, of certain outstanding borrowings availed by our Company, Associates and/ or Joint Venture

Our Company, its Associates and/ or Joint Venture, from time to time, avail loan facilities from banking and/ or financial institutions, for meeting liquidity requirements and for the purpose of growth of the Company, its Associates and/ or Joint Venture, respectively. The borrowing arrangements entered into by us include inter alia working capital facilities, optionally convertible debentures, non-convertible debentures, external currency borrowings, and term loans. We propose to utilise a portion of the Net Proceeds aggregating up to ₹ 520.00 crore for repayment and / or pre-payment, in full or in part, of certain outstanding borrowings availed by our Company, Associates and/ or Joint Venture.

The mode of investment into our Joint Venture from the Net Proceeds in order for it to repay/ pre-pay, in full or in part of its borrowings shall be in the form of equity or debt or in any other manner as may be mutually decided. The actual mode of such deployment has not been finalised as on the date of this Preliminary Placement Document and will be finalised at the time of utilisation of the funds received from the Net Proceeds.

Details of utilization

The details of certain outstanding borrowings availed by our Company, its Associates and/ or Joint Ventures, proposed for repayment and/or pre-payment, in full or in part, from the Net Proceeds are set forth below. Given the nature of these borrowings and the terms of repayment and/or pre-payment, the aggregate outstanding borrowing amounts may vary from time to time, however the aggregate amount to be utilised from the Net Proceeds towards repayment and/ or pre-payment of the borrowings in full or part shall not exceed ₹ 520.00 crore:

A. *Borrowings of our Company:*

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Principal amount outstanding as on September 30, 2024 (₹ crore)	Interest amount outstanding as on September 30, 2024 (₹ crore)	Total amount outstanding as on September 30, 2024 (₹ crore)	Interest rate as of September 30, 2024 (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
Bank of Baroda	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	52.26	76.57	128.83	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Bank of Maharashtra	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	7.42	10.87	18.28	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Canara Bank	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	143.67	211.09	354.77	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Central Bank of India	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	17.61	25.87	43.48	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
DBS Bank India Limited	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	9.89	14.53	24.42	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
EXIM Bank of India	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	-	-	-	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Federal Bank Limited	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	17.73	25.97	43.70	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
ICICI Bank Limited	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	63.00	92.27	155.27	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
IDBI Bank	OCDs	Agreement dated January 20,	123.90	181.56	305.46	11.50%,	Up to	Nil	Term loan/ working	Yes

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Principal amount outstanding as on September 30, 2024 (₹ crore)	Interest amount outstanding as on September 30, 2024 (₹ crore)	Total amount outstanding as on September 30, 2024 (₹ crore)	Interest rate as of September 30, 2024 (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
Limited		2017, amended on March 29, 2018, and further amended on July 20, 2022				compounding on a quarterly basis	March 2029		capital loan converted into OCDs, pursuant to S4A Scheme of RBI	
IFCI Limited	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	37.21	54.52	91.74	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Indian Bank	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	19.72	28.98	48.70	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Indian Overseas Bank	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	20.59	30.20	50.79	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
The Jammu & Kashmir Bank Limited	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	30.08	44.20	74.28	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
NABARD	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	11.37	16.67	28.04	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Punjab National Bank	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	181.81	266.02	447.83	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
SREI Equipment Finance Limited	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	29.34	43.46	72.80	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Standard Chartered Bank	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	1.81	2.54	4.35	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
State Bank of	OCDs	Agreement dated January 20,	65.62	96.21	161.83	11.50%,	Up to	Nil	Term loan/ working	Yes

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Principal amount outstanding as on September 30, 2024 (₹ crore)	Interest amount outstanding as on September 30, 2024 (₹ crore)	Total amount outstanding as on September 30, 2024 (₹ crore)	Interest rate as of September 30, 2024 (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
India		2017, amended on March 29, 2018, and further amended on July 20, 2022				compounding on a quarterly basis	March 2029		capital loan converted into OCDs, pursuant to S4A Scheme of RBI	
Union Bank of India	OCDs	Agreement dated January 20, 2017, amended on March 29, 2018, and further amended on July 20, 2022	30.85	45.21	76.06	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	Term loan/ working capital loan converted into OCDs, pursuant to S4A Scheme of RBI	Yes
Life Insurance Corporation of India	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	80.70	22.47	103.17	11.50%, compounding on a quarterly basis	Up to March 2029	Nil	NCDs were issued pursuant to a resolution plan entered into by our Company with certain of its lenders	Yes
ARCIL	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	198.40	150.56	348.96	9.50%, compounding on a quarterly basis	Up to March 2029	Nil	NCDs were issued against corporate guarantee provided by our Company towards a liability of an erstwhile subsidiary	Yes
ACRE	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	266.90	196.96	463.86	9.50%, compounding on a quarterly basis	63% up to March 2026, and 37% up to June 2029	Nil	NCDs were issued against corporate guarantee provided by our Company towards a liability of an erstwhile subsidiary	Yes
Karnataka Bank	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	1.60	1.36	2.96	9.50%, compounding on a quarterly basis	Up to March 2026	Nil	NCDs were issued against corporate guarantee provided by our Company towards a liability of an erstwhile subsidiary	Yes
Bank of Baroda	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	15.90	11.94	27.84	9.50%, compounding on a quarterly basis	Up to June 2031, starting from June 2029	Nil	NCDs were issued against corporate guarantee provided by our Company towards a liability of an erstwhile subsidiary	Yes

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Principal amount outstanding as on September 30, 2024 (₹ crore)	Interest amount outstanding as on September 30, 2024 (₹ crore)	Total amount outstanding as on September 30, 2024 (₹ crore)	Interest rate as of September 30, 2024 (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
Central Bank of India	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	34.90	25.98	60.88	9.50%, compounding on a quarterly basis	Up to June 2031, starting from June 2029	Nil	NCDs were issued against corporate guarantee provided by our Company towards a liability of an erstwhile subsidiary	Yes
Punjab National Bank	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	77.00	57.11	134.11	9.50%, compounding on a quarterly basis	Up to June 2031, starting from June 2029	Nil	NCDs were issued against corporate guarantee provided by our Company towards a liability of an erstwhile subsidiary	Yes
Union Bank of India	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	35.60	24.78	60.38	9.50%, compounding on a quarterly basis	Up to June 2031, starting from June 2029	Nil	NCDs were issued against corporate guarantee provided by our Company towards a liability of an erstwhile subsidiary	Yes
State Bank of India	NCDs	Agreement dated July 20, 2022, and debenture trust deed dated August 10, 2022	42.00	31.20	73.20	9.50%, compounding on a quarterly basis	Up to June 2031, starting from June 2029	Nil	NCDs were issued against corporate guarantee provided by our Company towards a liability of an erstwhile subsidiary	Yes
AOML	ECB	Sanction letter/ agreement dated September 8, 2009, amended on June 1, 2010, further amended on March 27, 2013, further amended on September 2, 2022, and further amended on February 14, 2024	63.69	23.83	87.52	3.50% + 3M SOFR	Up to March 2029	Nil	For purchase of machinery and equipment	Yes
US EXIM	ECB	Amended agreement dated August 10, 2021	24.74	12.04	36.77	1.91%	Up to December 2030, starting	Nil	For purchase of machinery and equipment	Yes

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Principal amount outstanding as on September 30, 2024 (₹ crore)	Interest amount outstanding as on September 30, 2024 (₹ crore)	Total amount outstanding as on September 30, 2024 (₹ crore)	Interest rate as of September 30, 2024 (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
							from December 2028			

B. Borrowings of our Joint Venture, Prolific Resolution Private Limited

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Amount outstanding as on September 30, 2024 (₹ crore)	Accrued yield as on September 30, 2024 (₹ crore)	Total borrowing as on September 30, 2024 (₹ crore)	Interest rate (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
Bank of Baroda	NCDs	Debenture trust deed dated August 10, 2022	141.10	39.31	180.41	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
Bank of Maharashtra	NCDs	Debenture trust deed dated August 10, 2022	29.20	8.14	38.12	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
Canara Bank	NCDs	Debenture trust deed dated August 10, 2022	342.90	95.54	447.66	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
Central Bank of India	NCDs	Debenture trust deed dated August 10, 2022	24.70	6.88	32.25	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with	Yes

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Amount outstanding as on September 30, 2024 (₹ crore)	Accrued yield as on September 30, 2024 (₹ crore)	Total borrowing as on September 30, 2024 (₹ crore)	Interest rate (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
									certain of its lenders	
DBS Bank India Limited	NCDs	Debenture trust deed dated August 10, 2022	31.90	8.89	41.65	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
EXIM Bank of India	NCDs	Debenture trust deed dated August 10, 2022	7.90	2.20	10.31	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
Federal Bank Limited	NCDs	Debenture trust deed dated August 10, 2022	40.60	11.31	53.00	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
ICICI Bank Limited	NCDs	Debenture trust deed dated August 10, 2022	296.50	82.61	387.08	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
IDBI Bank Limited	NCDs	Debenture trust deed dated August 10, 2022	189.70	52.85	247.66	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
IFCI Limited	NCDs	Debenture trust deed dated August 10, 2022	68.90	19.20	89.95	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Amount outstanding as on September 30, 2024 (₹ crore)	Accrued yield as on September 30, 2024 (₹ crore)	Total borrowing as on September 30, 2024 (₹ crore)	Interest rate (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
Indian Bank	NCDs	Debenture trust deed dated August 10, 2022	73.20	20.39	95.56	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
Indian Overseas Bank	NCDs	Debenture trust deed dated August 10, 2022	38.50	10.73	50.26	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
The Jammu & Kashmir Bank	NCDs	Debenture trust deed dated August 10, 2022	143.60	40.01	187.47	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
NABARD	NCDs	Debenture trust deed dated August 10, 2022	17.50	4.88	22.85	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
Punjab National Bank	NCDs	Debenture trust deed dated August 10, 2022	745.20	207.63	972.87	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
SREI Equipment Finance Limited	NCDs	Debenture trust deed dated August 10, 2022	69.70	19.42	90.99	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes
State Bank of	NCDs	Debenture trust deed	458.60	127.77	598.71	12.00%	From	Nil	NCDs were issued against	Yes

Name of Lender	Nature of borrowing facility	Date of Sanction Letter / Agreement	Amount outstanding as on September 30, 2024 (₹ crore)	Accrued yield as on September 30, 2024 (₹ crore)	Total borrowing as on September 30, 2024 (₹ crore)	Interest rate (% p.a.)	Tenor	Prepayment Penalty	Purpose of Loan	Whether Loan was utilised for purpose for which it was availed
India		dated August 10, 2022					September 30, 2026 to September 30, 2030		the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	
Union Bank of India	NCDs	Debenture trust deed dated August 10, 2022	134.70	37.53	175.85	12.00%	From September 30, 2026 to September 30, 2030	Nil	NCDs were issued against the debt of our Company, carved out pursuant to a resolution plan, entered into by our Company with certain of its lenders	Yes

2. Augmenting our working capital

We propose to utilize up to ₹ 200.00 crore from the Net Proceeds to fund the working capital requirements of our Company. We have working capital requirements in the ordinary course of business, which we typically fund through internal accruals. As at March 31, 2024, the aggregate amounts outstanding under the fund based and non-fund based working capital facilities of the Company are Nil and ₹ 2,780.65 crore, respectively, as against the aggregate sanctioned amount of ₹ 3,697.38 crore. Additionally, our Company has also availed certain bank guarantee facilities from its lenders, and the outstanding amount thereof as on March 31, 2024, was ₹ 2,782.90 crore, as against the aggregate sanctioned amount of ₹ 3,615.90 crore. Our Company requires additional working capital for funding future growth requirements of our Company and for other strategic, business, and corporate purposes.

Basis for estimation of working capital requirement

Set forth below is the working capital of our Company, on a standalone basis, based on the audited financial statements, as of, and for the six-month ended September 30, 2024 and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, as certified by S Ramanand Aiyar & Co., Chartered Accountants, through their certificate dated December 16, 2024:

All figures in ₹ crore

Particulars	As on September 30, 2024	As on March 31, 2024	As on March 31, 2023	As on March 31, 2022
I. Current Assets				
1. Raw material (inventories)	122.51	126.39	170.43	175.83
2. Unbilled Work-in-progress	2,148.46	2,069.17	1,892.23	2,390.23
3. Trade receivables	2,198.76	1,852.73	2,052.92	1,764.13
4. Cash and bank balances	512.38	284.27	263.30	541.86
5. Other current assets, other current financial assets and current investment	378.32	352.30	650.26	3,459.17
Total Current Assets (A)	**5,360.43**	**4,684.86**	**5,029.14**	**8,331.22**
II. Current Liabilities				
1. Trade payables	1,964.39	1,796.27	1,855.02	1,826.39
2. Other current liabilities, financial liabilities and provisions	2,308.23	2,445.75	2,604.16	6,480.20
Total Current Liabilities (B)	**4,272.62**	**4,242.02**	**4,459.18**	**8,306.59**
III. Total Working Capital Requirements				
Total Current Assets (A) less Total Current Liabilities (B)	**1.087.81**	**442.84**	**569.96**	**24.63**
IV. Funding Pattern				
Working capital funding from banks	-	-	-	-
Internal accruals/ other sources	1,087.81	442.84	569.96	24.63

Note:
1. *As certified by S Ramanand Aiyar & Co., Chartered Accountants, by way of their certificate dated December 16, 2024.*

Assumptions for working capital requirements.

The following table sets forth the details of the holding period for the six months period ended September 30, 2024 and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, which has been computed based on the audited financial statements for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, respectively and the unaudited financial statements for the six month period ended September 30, 2024.

Holding levels and justifications for holding period levels

The table below contains the details of the holding levels (days) considered:

S. No.	Particulars	Actuals			
		As of September 30, 2024	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
1	Raw material (inventories)	76	63	63	77
2	Unbilled work-in-progress	156	143	150	182
3	Debtors	150	141	133	241
4	Creditors	164	153	149	164

Note:

As certified by S Ramanand Aiyar & Co., Chartered Accountants, appointed by the Company by way of their certificate dated December 16, 2024.

1. *Raw material days: Average of Raw Material for the current and previous period / Total Direct Cost for the current period * 365*
2. *Work in progress days: Average of work in progress for the current and previous period / Total Direct Cost for the current period * 365*
3. *Finished Goods days: Average of finished goods for the current and previous period / Total Direct Cost for the current period * 365.*

On the basis of existing working capital requirement and holding levels for the six months ended September 30, 2024 and for the financial years ended March 31, 2024, March 31, 2023, and March 31, 2022, the Company has, projected total working capital requirements for Fiscal 2025 as ₹ 701.05 crore and for Fiscal 2026 as ₹ 556.79 crore, respectively. Accordingly, our Company proposes to utilize ₹ [●] crore of the Net proceeds in Fiscal 2025, and ₹ [●] crore of the Net proceeds in Fiscal 2026 towards our estimated working capital requirements. The balance portion of our working capital requirement shall be met from internal accruals and working capital facilities.

3. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds, aggregating up to ₹ [●] crore, towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with applicable laws. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, without limitation, funding growth opportunities, meeting ongoing general corporate exigencies and contingencies, expenses of our Company, and/or any other general purposes, as may be permissible under applicable laws, including provisions of the Companies Act.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the Objects described above, our Company intends to temporarily invest funds in creditworthy instruments including money market mutual funds and deposits in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, or in short term debt and/or long-term debt. Such investments would be in accordance with the investment policies as approved by our Board from time to time and applicable laws.

Monitoring of utilisation of funds

Pursuant to Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited, a credit rating agency registered with the SEBI, as the monitoring agency ("**Monitoring Agency**") by way of an agreement dated December 11, 2024, as the size of our Issue exceeds ₹ 100 crore. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% of the proceeds of the Issue have been utilised. The Board of Directors and the management of our Company will provide their comments on the findings of the Monitoring Agency as specified in Schedule XI. Our Company shall, within 45 days from the end of each quarter, upload the report of the Monitoring Agency on our website and also submit the same to the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Other confirmations

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised as approved by our Board and/ or a duly authorized committee of our Board, from time to time only for such purposes, as permitted under the Companies Act, prescribed Objects as disclosed above and other applicable laws.

Neither our Promoters, Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects. Since the Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel or members of Senior Management are not eligible to subscribe in the Issue.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges, whichever is later.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation statement and the total borrowings, on a consolidated basis, as at September 30, 2024 derived from the unaudited consolidated financial results for the quarter ended September 30, 2024, and as adjusted for the Issue. This table should be read in conjunction with "***Financial Information***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 279 and 101, respectively.

(₹ in crores, unless otherwise stated)

Particulars	Pre-Issue as at September 30, 2024	As adjusted for the Issue(1)
Borrowings		
Non-current borrowings	1478.90	[●]
Current borrowings	639.61	[●]
Total Borrowings (A)	2,118.51	[●]
Equity		
Equity Share Capital	167.99	[●]
Other Equity	95.64	[●]
Non-controlling interests	-	[●]
Total Equity (B)	263.63	[●]
Total Capitalization (A + B)	2,382.14	[●]
Total Borrowings/total Equity (A) / (B)	0.89	[●]

(1) *The corresponding post-Issue capitalisation data for each of the amounts given in the above table is not determinable at this stage and hence the same has not been provided in the above statement.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

(In ₹, except share data)

	Particulars	Aggregate value at face value (except for securities premium account)
A	**AUTHORIZED SHARE CAPITAL**	
	Equity Share capital, comprising:	
	2,00,00,00,000 Equity Shares (of face value of ₹1 each)	2,00,00,00,000
	Preference Share capital, comprising:	
	1,00,00,000 Preference Shares (of face value of ₹10 each)	1,000,00,000
	Total	**2,100,000,000**
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	1,67,98,80,784[#] Equity Shares (of face value of ₹1 each)	1,67,98,80,784
C	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares aggregating up to ₹[●] crores(1)(2)(3)	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares(2)(3)	[●]
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue(4)	29,71,10,00,000
	After the Issue(2)	[●]

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

(1) *The Issue has been authorised by the Board pursuant to a resolution* dated *August 5, 2024 and by the Shareholders of our Company pursuant to a special resolution on September 17, 2024.*

(2) *To be determined upon finalisation of the Issue Price. The securities premium account after the Issue is calculated on the basis of Proceeds. Adjustments do not include Issue related expenses.*

(3) *Subject to finalisation of Allotment*

(4) *As on the date of this Preliminary Placement Document.*

Equity Share capital history of our Company

The history of the Equity Share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

Date of allotment of equity shares	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of Allotment	Nature of consideration	Cumulative Equity Shares
1927 – 28	400	1,000	1,000	N.A.	Cash	400
1932 – 33	400	1,000	1,000	N.A.	Cash	800
1934 – 35	400	1,000	1,000	N.A.	Cash	1,200
August 31, 1940	12,000	100	NA	Share Split from face value of ₹1,000 to ₹ 100	Other than Cash	12,000
1947-48	24,000	100	NA	Bonus issue (1:2)	Other than Cash	36,000
1961-62	36,000	100	NA	Bonus issue (1:1)	Other than Cash	72,000
1965-66	1,08,000	100	NA	Bonus issue (2:3)	Other than Cash	1,80,000
1966-67	72,000	100	NA	Bonus issue (5:2)	Other than Cash	2,52,000
1971	25,20,000	10	NA	Share Split from face value of ₹100 to ₹ 10	Other than Cash	25,20,000
1983-84	25,20,000	10	NA	Bonus issue (1:1)	Other than Cash	50,40,000
May 10, 1984	12,60,000	10	10	Further Issue	Cash	63,00,000
June 10, 1991	14,70,600	10	NA	Conversion of 12.5% secured partly convertible debentures	Cash	77,70,600
May 31, 1995	(3,975)	10	NA	Forfeiture of Shares	NA	77,66,625

Date of allotment of equity shares	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of Allotment	Nature of consideration	Cumulative Equity Shares
September 8, 1995	7,766,625	10	NA	Bonus issue (1:1)	Other than Cash	1,55,33,250
January 30, 1996	4,500,000	10	NA	Conversion of 16.5% secured partly convertible debentures	Cash	2,00,33,250
January 25, 2002	(9,250)	10	NA	Forfeiture of Shares	NA	2,00,24,000
March 31, 2005	29,05,540	10	450	Further Issue	Cash	2,29,29,540
November 17, 2005	22,92,95,400	10	NA	Share Split from face value of ₹10 to ₹ 1	Other than Cash	22,92,95,400
March 29, 2006	26,954,200	1	165.39	Further Issue	Cash	25,62,49,600
July 4, 2009	4,70,00,000	1	104.05	Private placement to QIBs pursuant to a qualified institutions placement	Cash	30,32,56,460
April 29, 2010	6,860	1	104.05	Further Issue pursuant to ESOPs	Cash	30,32,56,460
August 12, 2010	30,32,56,460	1	NA	Bonus issue (1:1)	Cash	60,65,12,920
August 26, 2010	20,000	1	52.03	Further Issue pursuant to ESOPs	Cash	60,65,32,920
July 28, 2011	77,500	1	21.70	Further Issue pursuant to ESOPs	Cash	60,66,10,420
May 2, 2014	39,21,5,686	1	16.32	Conversion of warrants issued to Promoters on a Preferential Basis	Cash	64,58,26,106
April 10, 2015	13,33,32,800	1	30.00	Private placement to QIBs pursuant to a qualified institutions placement	Cash	77,91,58,906
January 6, 2017	18,99,93,837	1	33.92	Allotment to lenders pursuant to FY2017 Restructuring Plan	Cash	96,91,52,743
January 19, 2017	4,15,50,892	1	33.92	Allotment to lenders pursuant to FY2017 Restructuring Plan	Cash	1,01,07,03,635
July 17, 2017	47,59,291	1	40.61	Allotment to lenders pursuant to FY2017 Restructuring Plan	Cash	1,01,54,62,926
December 27, 2018	49,75,65,318	1	10.00	Rights Issue	Cash	1,51,30,28,244
April 13, 2024	16,66,66,666	1	21.00	Rights Issue	Cash	1,67,96,94,910
August 5, 2024	1,85,874	1	13.45	Further Issue pursuant to ESOPs	Cash	1,67,98,80,784

(1) *For the periods 1927-28, 1932-33, 1934-35, 1947-48, 1961-62, 1965-66, 1966-67, 1971, 1983-84, 1991-92, the dates of allotment have not been specified since records for such allotments are not available with the Company.*

(2) *In 1959, the ordinary shares of our Company were converted into equity shares.*

(3) On August 31, 1940, the authorised share capital of our Company was sub-divided into 12,000 ordinary shares of ₹100 each. In 1971, the authorised share capital of our Company was sub-divided into 2,520,000 equity shares of ₹10 each. On November 17, 2005, the authorised share capital of our Company was sub-divided into 229,295,400 Equity Shares of ₹1 each.

(4) Our Company had issued secured redeemable partly convertible debentures of ₹80 each. These equity shares have been issued upon the conversion of the compulsorily convertible part of the debentures amounting to ₹30 per debenture, in the ratio of three equity shares of face value of ₹10 each per debenture.

(5) *Our Company had issued secured redeemable partly convertible debentures of ₹200 each. These equity shares have been issued upon the conversion of the compulsorily convertible part of the debentures amounting to ₹45 per debenture, in the ratio of one equity share of face value of ₹10 each per debenture.*

(6) *Issuance of Global Depository Shares ("GDS") with 1 equity share of ₹1 each as underlying for each GDS*

(7) Issued under the employee stock option scheme of our Company.

Employee stock option scheme

HCC Employee Stock Option Scheme 2008

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

The following table sets forth details in respect of the ESOP Scheme as on the date of this Preliminary Placement Document:

Particulars	Number of options
Total	8,643,150
Granted	371,748
Vested	Nil
Exercised	185,874
Cancelled	Nil
Total outstanding	8,457,276

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Company is set forth below:

S. No.	Category	Pre-Issue (as on December 13, 2024)[#]		Post-Issue[*]	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
A.	**Promoters' holding^**				
1.	Indian				
	Individuals	26,40,751	0.16	[●]	[●]
	Bodies corporate	30,95,98,877	18.43	[●]	[●]
	Sub-total	**31,22,39,628**	**18.59**	[●]	[●]
2.	Foreign promoters	Nil	Nil	[●]	[●]
	Sub-total (A)	**31,22,39,628**	**18.59**	[●]	[●]
B.	**Non-Promoters' holding**				
1.	Institutional investors	27,37,08,629	16.29	[●]	[●]
2.	Non-institutional investors				[●]
	Bodies corporate	8,67,12,865	5.16	[●]	[●]
	Directors and relatives	1,85,874	0.01	[●]	[●]
	Indian public	92,12,80,269	54.84	[●]	[●]
	Others including non-resident Indians (NRIs)	8,57,53,519	5.10	[●]	[●]
	Sub-total (B)	**1,36,76,41,156**	**81.41**	[●]	[●]
	Grand Total (A+B)	**1,67,98,80,784**	**100.00**	[●]	[●]

\# *This shareholding data is based on the beneficiary position data of our Company as of December 13, 2024.*
^ *This includes shareholding of the members of the Promoter Group.*
* *The post-Issue shareholding pattern shall be filled-in before filing of the Placement Document with the Stock Exchanges.*

Other confirmations

(i) Except as disclosed in "– ***Equity Share capital history of our Company***" on page 97, our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash.

(ii) Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of the notice to our Shareholders, dated August 5, 2024, for the approval of this Issue.

DIVIDENDS

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act and our Articles of Association. Our Board has approved and adopted a formal dividend distribution policy on February 2, 2017 in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see "***Description of the Equity Shares***" on page 256.

The following table sets forth the details of the dividends (including interim dividend, if any) declared by our Company on the Equity Shares in Fiscals 2024, 2023 and 2022, derived from our Audited Consolidated Financial Statements:

(in ₹ crores)

Particulars	April 1, 2024 till the date of this Preliminary Placement Document	Fiscal		
		2024	2023	2022
Number of equity shares (in million) as on the record date	N.A.	N.A.	N.A.	N.A.
Number of equity shares (in million) as at the end of the Fiscal	1,67,98,80,784	1,51,30,28,244	1,51,30,28,244	1,51,30,28,244
Face value per share (₹)	1	1	1	1
Dividend on Equity Shares (per Equity Share)	Nil	Nil	Nil	Nil
Final Dividend Rate (%)	-	-	-	-
Interim Dividend Rate (%)	-	-	-	-
Final Dividend (in ₹ million)	-	-	-	-
Interim Dividend (in ₹ million)	-	-	-	-
Tax on dividend including surcharge (in ₹ million)	-	-	-	-

Note: The dividend amounts mentioned in the above table represents the dividend declared in that Fiscal year, which was paid in the subsequent Fiscal year.

The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, current Financial Year's profits and retained earnings; availability of cash and liquid investments to pay dividend; deleveraging plans of our Company, capital expenditures and organic/inorganic plans of our Company; contingency plans; Company's future prospects including its continued ability to sustain its profits; uncertain or recessionary economic and business conditions; regulatory environment; and prevailing and expected commodity prices in the market.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted.

Also see "***Risk Factors – We cannot assure payment of dividends on the Equity Shares in the future***" on page 76.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our "Financial Statements" on page 279. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2024, 2023 and 2022 included herein is derived from the Audited Consolidated Financial Statements included in this Preliminary Placement Document and the financial information for the six months ended September 30, 2024 and September 30, 2023 included herein is derived from the Unaudited Consolidated Financial Results included in this Preliminary Placement Document. For further information, see "Financial Information" on page 279.

This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 16 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" and " – Significant Factors Affecting our Results of Operations and Financial Condition" on pages 44 and 101, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are for the 12 months ended March 31 of that year. Unless otherwise stated or the content otherwise requires, references in this section to "our Company" or "the Company" are to Hindustan Construction Company Limited on a standalone basis, while references to "we", "us", or "our" (including in the context of any financial or operational information) are to our Company along with our Subsidiaries, our Associates and our Joint Venture, on a consolidated basis.

Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Research Report on Infrastructure sector in India " dated September 2024 (the "CARE ***Report****") , exclusively commissioned by and paid by our Company pursuant to an engagement letter dated July 17, 2024, in connection with the Issue to enable the investors to understand the industry in which we operate in connection with the Issue. The data included herein includes excerpts from the Technopak Report and may have been re-ordered by us for the purposes of presentation.*

Unless otherwise indicated, financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For further information, see "Industry Overview" on page 130. For further information, see "Risk Factors – Certain sections of this Preliminary Placement Document contains information from CARE Report which has been commissioned and paid for by us and any reliance on such information for making an investment decision in the Issue is subject to inherent risks." on page 69. Also see "Industry and Market Data" on page 15.

OVERVIEW

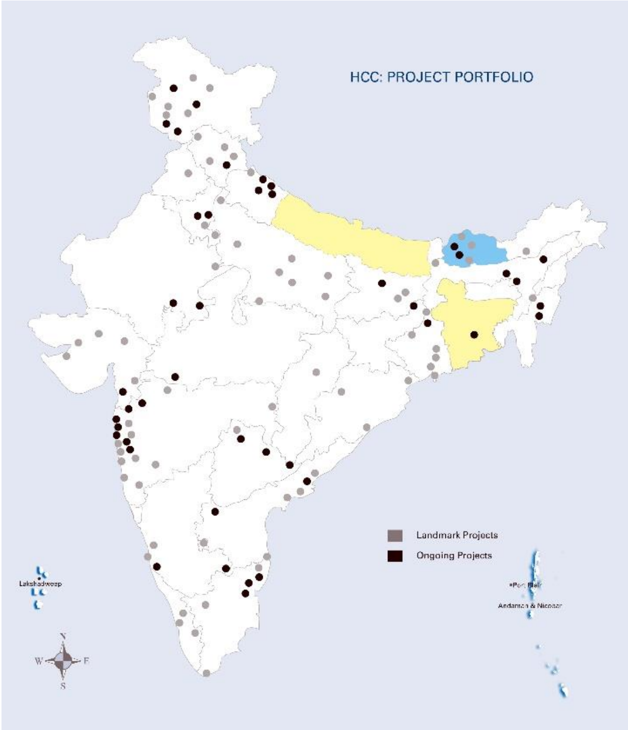
We are an engineering and construction company in India, engaged in construction activities which include roads, bridges, ports, railway tunnels, metro projects, power stations, water supply and irrigation projects, and one of the oldest infrastructure development companies in India (*Source: CARE Report*).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

Over the years we have built various projects ranging from high quality roads and railway tunnels in Jammu and Kashmir to nuclear power plants in Rajasthan in addition to various metro stations, hydropower projects, water solutions, buildings, dams and bridges.

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

We have a robust clientele comprising various Central Government and State Government agencies such as the National Highway Authority of India ("**NHAI**"), National Hydroelectric Project Corporation ("**NHPC**"), IRCON International Limited ("**IRCON**"), Ministry of Road Transport and Highways ("**MoRTH**"), Tehri Hydro Development Corporation India Limited ("**THDCIL**"), Nuclear Power Corporation of India Limited ("**NPCIL**"), Government of Andhra Pradesh (Public Works Department) ("**GoAP-PWD**") and Delhi Metro Rail Corporation Limited ("**DMRC**"). As of September 30, 2024, majority of our Order Book comprised projects undertaken with the Central Government, State Government or other government undertakings.

The following is the geographical representation of some of our landmark projects and ongoing projects across India, as on the date of this Preliminary Placement Document.



Details of our projects

As of September 30, 2024, we have a total order book of ₹ 9,772.88 crore on a standalone basis and an order book of ₹ 11,355.05 crore on a consolidated basis. As of September 30, 2024, the breakdown of our Order Book for engineering and construction vertical and the real estate construction vertical, is provided below:

Vertical	Amount of Order Book (in crore)	Percentage of Order Book
Hydropower projects	2,503.07	22.04%
Transportation	4,624.53	40.73%
Water supply and irrigation	2,170.28	19.11%
Nuclear power and special projects	474.99	4.18%
Real estate construction	1,582.17	13.93%
TOTAL	**11,355.05**	**100.00%**

In the last three financial years and till the six months ended September 30, 2024, we have completed 20 projects across the engineering and construction and infrastructure development verticals with a cumulative executed value of ₹ 18,547.90 crore.

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

Engineering and Construction

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

We boast a large and sophisticated fleet of complex and advanced construction equipment, which provides us with the industrial bandwidth to meet majority of the requirements of our ongoing projects. As of September 30, 2024, we maintained a fleet of 2255 major construction equipment worth ₹154.73 crore (WDV value), that enabled us to undertake multiple projects simultaneously without having to compromise on the quality in any of the ongoing projects such as Vishnugad Pipalkoti hydropower project and Tehri pumped storage in Uttarakhand, Mumbai metro – Line 3 – UGC02, Bhabha Atomic Research Centre nuclear project in Tarapur, Maharashtra, Imphal road project in Manipur and FRFCF nuclear project in Tamil Nadu.

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

Transport – We have built around 4,036 kilometres of roads and over 395 bridges across the country and are also involved in construction of railway and metro rail projects. As of September 30, 2024, our Order Book of the transportation vertical was ₹ 4,624.53 crore. Some of our key completed projects, include the Bandra-Worli sea link in Mumbai, Maharashtra, Pir Panjal tunnel between Qazigund in the Kashmir valley and Banihal in the Jammu region, more than 100 kilometre four-lane road in Lucknow Muzaffarpur region and the rail-cum-road bridge at Bogibeel in Assam. Additionally, some of our key ongoing projects, include *inter alia* the Anji Khad cable stay railway bridge in Jammu and Kashmir, Mumbai metro – Line 3 – UGC02 in Maharashtra and T49 and T13 tunnels in Jammu and Kashmir and the coastal road project in Mumbai, Maharashtra.

Hydropower – Our Company is one of the leading companies in construction and execution of hydro power projects in India. Over the years, our Company has executed various challenging projects across India resulting into significant pre-qualification capabilities, which has enabled our Company to offer a wide gamut of services in the hydro power vertical. As of September 30, 2024, our Order Book in the hydropower vertical stood at ₹ 2,503.07 crore. Some of our key completed projects, include the Chutak and Nimoo Bazgo hydroelectric projects and the recently completed, Kishanganga hydropower project in Jammu and Kashmir, which has been one of the most challenging projects of our Company. Additionally, some of our key ongoing projects, include *inter alia*, the Punatsangchhu hydroelectric project in Bhutan, Vishnugad Pipalkoti hydropower project, Tehri pumped storage and Tapovan Vishnugad hydropower project projects in Uttarakhand.

Nuclear Power and special projects – Our Company is one of the leading companies in construction of nuclear power generation projects in India and has contributed to around 60% of India's nuclear power generation capacity (*Source: CARE Report*). Our Company specializes in pre-stressed containment structures for reactor buildings, breakwater structure and intake works for cooling systems and is also gearing up to provide integrated solutions in the nuclear power sector as well. As of September 30, 2024, our Order Book in the nuclear and special projects vertical was ₹474.99 crore. Some of our key completed projects, include the Kudankulam nuclear power plant in Tamil Nadu, Rajasthan atomic power plant – Unit 1 to 6 and the Kakrapara atomic power plant in Gujarat. Additionally, some of our key ongoing projects, include *inter alia* construction of nuclear reactors in the Rajasthan atomic power plant – Unit 7 and 8, construction of buildings and allied facilities in Tamil Nadu and integrated nuclear recycle plant of Bhabha Atomic Research Centre ("**BARC**") at Tarapur, Maharashtra.

Water supply and irrigation – We believe that we have the potential to efficiently execute water treatment plants, sewage treatment plants, pipelines, large lift irrigation projects and tunnelling contracts in the irrigation sector. As of September 30, 2024, the Order Book in the water supply and irrigation vertical was ₹ 2,170.28 crore. Some of our key completed projects, include *inter alia* the Farakka bridge in West Bengal, Saurashtra branch canal in Gujarat and Godavari lift irrigation scheme in Telangana. Additionally, some of our key ongoing projects, include the Bistan lift irrigation project in the Khargone region in Madhya Pradesh, Pranahita Chevella project in Telangana and Parwan gravity dam project in Rajasthan.

Infrastructure Development

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

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

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

Few of our key completed projects include the Nirmal Annuity BOT Project (part of National Highway 7) in Andhra Pradesh, the Badarpur Faridabad Elevated Expressway (part of National Highway 2) in the Delhi NCR region and the Dhule Palesnar Tollway (part of National Highway 3) connecting Agra and Mumbai.

Real Estate construction

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

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

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review and may continue to affect our results of operations and financial condition in the future.

1. ***Government policies, macro-economic environment and sector performance***

Our business is substantially dependent on projects in India undertaken or awarded by Central Government and State Government agencies. We derive a significant portion of our revenue from infrastructure projects under our engineering and construction vertical, which are in large part dependent on budgetary allocations by governmental authorities, participation from multilateral agency sponsored developments and public bodies, and access to private sector funding. In the event of any adverse change in such budgetary allocations, delays in the award of infrastructure projects or a downturn in available work in the infrastructure sector leading to changes in government policies and priorities, our business prospects and financial condition may be adversely affected. Further, such adverse changes may also lead to our contracts being cancelled, restructured or renegotiated. These could adversely affect our financing arrangements, capital expenditure, revenues, development or cash flows relating to our existing projects, as well as our ability to participate in competitive bidding.

Macroeconomic factors in India relating to the infrastructure sector will have a significant impact on our prospects and results of operations. Overall economic growth in manufacturing, services and logistics sectors will lead to demand for better transportation facilities, which would entail demand for construction, upgradation, and maintenance of modes of transportation in India. Other macroeconomic factors like global GDP growth, Indian foreign investment regulations, oil prices and financial stability may impact the economic environment of India and the policies of the government with respect to the infrastructure sector. A change in policies and economic conditions resulting from a change in government may also impact our business.

2. ***Funding and interest rate fluctuations***

Due to the capital-intensive nature of the infrastructure sector, our projects require high levels of debt financing and as a result, we have incurred substantial indebtedness from our lenders. For details, see "*Financial Statements*" beginning on page 279. We expect that we will continue to rely on borrowings, including term loans, working capital facilities and non-convertible debentures, to fund our projects and operations. Further, we also rely significantly on working capital to finance the purchase of our materials and equipment. An impact on the availability of such funding could affect our business, financial condition and results of operations.

Our cost of funding also depends on interest rate movements and the existence of adequate liquidity in the debt markets. Fluctuations in interest rates will have a material impact on our expenses. While lower interest rates may enable us to incur additional indebtedness at relatively lower costs, higher interest rates would increase our borrowing costs and overall expenses, thereby having an impact on our financial condition and profitability.

3. ***Terms of contracts and operational uncertainty***

We rely on construction contracts awarded by our clients for our revenues. In certain cases, particularly for contracts awarded by government authorities pursuant to tenders, we have limited ability to negotiate the terms of such contracts and may be required to perform additional work on a project that is beyond the stated scope of the contract or agree upon terms that are not completely favourable to us. Any variation and renegotiation of such contracts may lead to delays in execution and implementation of the projects, which may lead to additional costs associated with cost increases in construction material and equipment. Further, in certain contracts, we may be required to execute modified work orders as directed by the client which may not be agreed upon at the time of execution of the contract. This process may result in disputes and may result in delayed or inadequate payments. If we do not achieve expected turnover, margins or suffers losses on one or more of these contracts, this could reduce our total income or cause us to incur losses.

Given the nature of our business, managing operating costs and efficiencies are critical to maintaining our competitiveness and profitability. Our projects are subject to additional operating costs, including due to changes in the scope of work and increased or altered timelines on account of the nature, complexity, and length of the projects. Our ability to reduce our operating costs in line with client demand is subject to risks and uncertainties, as our costs depend, in part, on external factors beyond our control. Further, we are also subject to operational uncertainties that can affect our results of operations, such as the availability of skilled manpower, delay in receiving payments from clients, invocation of clauses on penalty or liquidated damages, undue termination of contracts and disputes with clients and customers, as applicable.

4. ***Subcontracting expenses, raw materials and labour costs***

Subcontracting expenses constitutes a significant portion of our total expenses, aggregating to 58.75% of our total expenses for the Financial Year 2024.

Our subcontracting expenses for the six months period ended September 30, 2024 and September 30, 2023 and for Financial Year 2024, 2023 2022 was ₹ 1,977.28, ₹ 2,195.95 crore, ₹ 4,261.65 crore, ₹ 5,395.45 crore and ₹7,112.79

crore, respectively, representing 60.50%, 57.58%, 59.69%, 64.83% and 65.70%, of our total income respectively.

Our costs of materials consumed for the six months period ended September 30, 2024 and September 30, 2023 and for the Financial Year 2204, 2023 and 2022 were ₹ 297.17 crore, ₹ 415.93 crore, ₹862.05 crore, ₹1,009.64 crore and ₹865.06 crore, respectively, representing 9.09%, 10.91%, 12.07%, 12.13% and 7.99%, of our total income respectively.

In some of our key business operations, we rely on third parties for the timely supply of specified raw materials, equipment and maintenance services. We are also required to sometimes work with suppliers who are designated by our clients. A delay and/or failure in the supply of materials, services and finished goods from third parties at acceptable prices and quality or at all may materially and adversely affect our business, results of operations and prospects. Further, the prices for these raw materials can be volatile and depend on several factors, including general economic conditions, competition, production levels, transportation costs and import duties. Fluctuations in these prices may also impact the prices of the equipment and components required by us for our business. We may not be able to pass all of our raw material price increases to our customers or to the suppliers. For further information, please see "*Risk Factors – Internal Risk Factors – A delay and/or failure in the supply of materials, services and finished goods from third parties at acceptable prices and quality or at all may materially and adversely affect our business, results of operations and prospects"* on page 55.

5. *Bidding and execution capabilities and competition*

In order to bid for higher value projects, we are often required to meet certain pre-qualification criteria based on technical capability and performance, reputation for quality, safety record, financial strength and experience in similar projects. In selecting contractors for major projects, customers or government authorities generally limit the tender to contractors they have pre-qualified based on these criteria, making pre-qualification key to our securing larger or marquee projects. In addition, our ability to strategically partner with other companies also determines our success in bidding for and being granted such large projects.

We face significant competition for the award of projects from a large number of infrastructure and EPC companies who also operate in the same regional markets as us. Our competition depends on various factors, such as the type of project, total contract value, potential margins, complexity, location of the project and risks relating to revenue generation. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards. Competition from other infrastructure and EPC companies may impact our ability to successfully bid for projects at price levels which would generate desired returns for us.

6. *Locations, seasonality and weather conditions*

Our business operations are dependent on the location where the project to be executed, is situated, the weather conditions there which could include factors such as heavy rains, landslides, floods including during the monsoon season, each of which may restrict our ability to carry on construction activities and fully utilize our resources during the season. Our ability to transport the required manpower and machinery to such locations is also critical to our timely completion of the projects. During periods of curtailed activity due to adverse weather conditions, particularly unseasonal rains, we may continue to incur overhead and financing expenses, but our revenues from operations may be delayed or reduced. Weather conditions may also require us to evacuate personnel or curtail services, may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations, and may prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity.

SIGNIFICANT ACCOUNTING POLICIES – GROUP

i) Basis of preparation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issues by Securities and Exchange Board of India (SEBI) to the extent applicable.

The financial statements have been prepared under the historical cost convention, with the exception of certain financial assets and liabilities, which have been measured at fair value, on an accrual basis of accounting.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency, and all values are presented in ₹ crore (₹ 0,000,000), except when otherwise indicated. Amount presented as '0.00* ' are non-zero numbers rounded off in crore.

ii) Operating cycle for current and non-current classification

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Act. Operating cycle is the time between the acquisition of resources / assets for processing their realisation in cash and cash equivalents. Operating cycle for the business activities of the Company covers the duration of the project / contract / service including the defect liability period, wherever applicable, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

iii) Accounting estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

iv) Key accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

a) Going concern

The Company in earlier years has incurred significant losses resulting in substantial erosion of net worth. Further, the Company was also in default on payment to its lenders and also had overdue payments to operational creditors of which certain creditors also applied before National Company Law Tribunal (‘NCLT’) for debt resolution under Insolvency and Bankruptcy Code, 2016, none of which were admitted. During the earlier year, the Company has successfully novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited (‘PRPL’), a wholly owned subsidiary of the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore in favor of PRPL. Consequently, the Company is not in default in repayment of dues to its lenders as at 31 March 2024.

Based on the above and considering the future business plans, including time-bound monetization of assets, the management has prepared the future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying standalone financial statements is appropriate with no material uncertainty over going concern.

b) Contract estimates

Refer note 2(xxii) below.

c) Variable consideration (claims)

The Company has claims in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc., which are at various stages of negotiation/ discussion/ arbitration/ litigation with the clients. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and/or external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims.

d) Valuation of investment in/ loans to subsidiaries/ joint ventures

The Company has performed evaluation of it's equity investments of subsidiaries and joint venture to assess whether there is any indication of impairment in the carrying value. Equity investments are tested for impairment, whenever events or changes in circumstances indicate that the carrying amount is higher than the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use. When the fair value of investments in subsidiaries cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. Similar assessment is carried for exposure of the nature of loans and interest receivable thereon. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The calculation of value in use Judgements include considerations of inputs such as expected earnings in future years, liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

e) Deferred tax assets

The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

Based on the projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

f) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

g) Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

v) Fair value measurement

The Company measures financial instruments, at fair value at each balance sheet date. (Refer note 38).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or

- in the absence of a principal market, In the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

vi) Property, plant and equipment (Tangible assets)

Property, plant and equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition / installation of the assets less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

vii) Capital work-in-progress

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

viii) Intangible assets

Intangible assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably, less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets mainly comprise of license fees and implementation cost for software and other application software acquired / developed for in-house use.

ix) Non-current assets or disposal group held for sale

Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

x) Depreciation and amortisation

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight-line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives.

The useful lives are as per Schedule II to the Act except in case of certain assets, where the useful life is based on technical evaluation by management.

Asset category	**Useful life**

	(in years)
Building and sheds	3 to 60
Plant and equipment	2 to 14
Furniture and fixtures	10
Vehicles	3 to 12
Office equipment	5
Speed boat	13
Computers	3
Intangible (Computer software)	3 to 5

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation on additions is provided on a pro-rata basis, from the date on which asset is ready to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income and Other expenses.

xi) Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are recognised at cost as per Ind AS 27 - Separate Financial Statements, except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

xii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

a) Financial assets

i) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ('EIR') method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

- **Financial assets measured at fair value through Other Comprehensive Income**

  Financial assets are measured at fair value through Other Comprehensive Income ('OCI') if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

  In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Company has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Company on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.

- **Financial assets measured at fair value through profit or loss (FVTPL)**

  Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

ii) Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss ('ECL') model for measurement and recognition of impairment loss on financial assets and credit risk exposures. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables and contract assets. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

iii) De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

b) Equity instruments and financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

I. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

II. Financial liabilities

i) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at FVPL**

  Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

- **Financial liabilities at amortised cost**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

  Where the Company issues optionally convertible debenture, the fair value of the liability portion of such debentures is determined using a market interest rate for an equivalent non-convertible debenture. This value is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the debentures. The remainder of the proceeds is attributable to the equity portion of the instrument. This is recognised and included in shareholders' equity (net of income tax) and are not subsequently re-measured.

  Where the terms of a financial liability is re-negotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

- **Financial guarantee contracts**

  Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

ii) De-recognition of financial liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

c) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

xiii) Employee benefits

a) Defined contribution plan

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund and superannuation scheme are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further obligations beyond the monthly contributions.

b) Defined benefit plan

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Accordingly, the contribution paid or payable and the interest shortfall, if any, is recognised as an expense in the period in which services are rendered by the employee.

The Company also provides for gratuity which is a defined benefit plan the liabilities of which is determined based on valuations, as at the balance sheet date, made by an independent actuary using the Projected Unit Credit Method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur and is not eligible to be reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report.

c) Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. However, as the Company does not have an unconditional right to defer settlement for these obligations, the above liabilities are presented as current. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

d) Short-term benefits

Employee benefits such as salaries, wages, bonus, incentive etc. falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the service.

xiv) Contract assets

Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in-progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

xv) Contract liabilities

Certification in excess of contract revenue is classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

xvi) Inventories

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Revenue from sale of scrap material is presented as reduction from cost of materials consumed in the Statement of Profit and Loss.

xvii) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

xviii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of "Engineering and Construction". Thus, as defined in Ind AS 108 “Operating Segments”, the Company’s entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

xix) Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

xx) Foreign exchange translation of foreign projects and accounting of foreign exchange transaction

a) Initial recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Company uses a monthly average rate if the average rate approximate the actual rate at the date of the transactions.

b) Conversion

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) Treatment of exchange difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a Property, plant and equipment are adjusted to the carrying value of the assets and depreciated over the remaining useful life of the Property, Plant and Equipment and exchange differences arising on all other long-term foreign currency monetary items are accumulated in the “Foreign Currency Monetary Translation Reserve” and amortised over the remaining life of the concerned monetary item.

xxi) Revenue recognition

a) Contract Revenue

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services. The Company derives revenues primarily from providing engineering and construction services.

The Company evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met:

- As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity’s performance.

- The entity’s performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.

- The entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

For performance obligations in which control is not transferred over time, control is transferred as at a point in time.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party and is adjusted for variable considerations.

Advance payments received from contractee for which no services are rendered are presented as 'Advance from contractee'.

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgment. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Company considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred.

b) Interest on arbitration awards

Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Company has received or expects to receive on favourable arbitration awards.

xxii) Other income

a) Interest income

Interest income (other than interest on income tax refund) is accrued on a time proportion basis, by reference to the principal outstanding and the applicable Effective Interest Rate (EIR).

b) Dividend income

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

c) Other non-operating income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

xxiii) Interest in joint arrangements

As per Ind AS 111 - Joint Arrangements, investment in joint arrangement is classified as either Joint Operation or Joint Venture. The classification depends on the contractual rights and obligations of each investor rather than legal structure of the joint arrangement. The Company classifies its joint arrangements as Joint Operations.

The Company recognises its direct right to assets, liabilities, revenue and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

xxiv) Income tax

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

a) Current tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Company as at 31 March 2024 continues to follow the old tax regime. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

b) Deferred tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

In assessing the recoverability of deferred tax assets, the Company relies on the forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

xxv) Leases

The Company's lease asset classes primarily consist of leases for vehicles and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

At the date of the commencement of the lease, the Company recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the period of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets and Lease liabilities have been separately presented in the Balance Sheet. Further, lease payments have been classified as financing cash flows.

xxvi) Impairment of non-financial assets

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating 'unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xxvii) Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the EIR method, less provision for impairment. Trade receivables ageing has been presented based on the due date of payment.

xxviii) Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method. Trade payables ageing has been presented based on the due date of payment.

xxix) Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xxx) Dividend

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

xxxi)Provisions, contingent liabilities, contingent assets and commitments

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

xxxii) Share based payments

Share based compensated benefits are provided to certain grades of employees in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the instrument given to employees is recognised as 'employee benefits expenses' with a corresponding increase in equity over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

xxxiii) Exceptional items

When items of income and expense within statement of profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

xxxiv) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption or this amendment is annual periods beginning on or after 1 April 2023. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 - Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company does not expect any significant impact of the amendment on its financial statements.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain items from our Unaudited Consolidated Financial Results, in each case also stated as a percentage of our total income:

Particulars	**For the six months ended**			
	September 30, 2024		**September 30, 2023**	
	(₹ Cr)	**(% of Total Income)**	**(₹ Cr)**	**(% of Total Income)**
Continuing Operations				
Income				
Revenue from continuing operations	3,222.86	98.62%	3,759.11	98.56%
Other Income	45.20	1.38%	54.91	1.44%
Total Income	**3,268.06**	**100.0%**	**3,814.02**	**100.0%**
Expenses				
Cost of materials consumed	297.17	9.09%	415.93	10.91%
Subcontracting expenses	1,977.28	60.50%	2,195.95	57.58%
Changes in inventories	31.71	0.97%	(2.94)	-0.08%
Employee benefits expense	285.37	8.73%	317.90	8.34%
Finance costs	305.25	9.34%	502.24	13.17%
Depreciation and amortisation expense	52.12	1.59%	56.76	1.49%
Other expenses	236.45	7.24%	282.28	7.40%
Total Expenses	**3,185.35**	**97.46%**	**3,768.12**	**98.81%**
Profit/ Loss before share of profit of associates/ joint ventures, exceptional items and tax	82.71	2.54%	45.90	1.19%
Share of profit of associates/ joint ventures (net)	33.55	1.03%	7.94	0.21%
Profit/ Loss before exceptional items and tax	116.26	3.57%	53.84	1.40%

Particulars	For the six months ended			
	September 30, 2024		September 30, 2023	
	(₹ Cr)	(% of Total Income)	(₹ Cr)	(% of Total Income)
Exceptional items – Gain	-	0.00%	1.53	0.04%
Profit/ Loss before tax	116.26	3.57%	55.37	1.44%
Tax expense/ (credit)				
Current tax	25.02	0.77%	3.23	0.08%
Deferred tax	29.77	0.91%	2.17	0.06%
Total tax expense / (credit)	54.79	1.68%	5.40	0.14%
Profit / (loss) for the year from continuing operations (A)	**61.47**	**1.89%**	**49.97**	**1.30%**
Discontinued Operations				
Profit / (loss) before tax from discontinued operations	-	0.00%	4.54	0.12%
Tax expense of discontinued operations	-	0.00%	4.58	0.12%
Loss from discontinued operations (after tax) (B)	**-**	**0.00%**	**(0.04)**	**0.00%**
Net profit / (loss) for the year from total operation (A) + (B	**61.47**	**1.89%**	**49.93**	**1.30%**
Other comprehensive income / (loss)				
(a) Items that will not be reclassified to profit or loss (net of tax)				
- Gain/ (Loss) on remeasurement of defined benefit plans	(1.84)	-0.06%	0.96	0.03%
- Gain on fair value of equity instruments	7.55	0.23%	12.98	0.34%
(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)				
- Translation loss relating to foreign operations	27.93	0.85%	(4.90)	-0.13%
Total other comprehensive income / (loss) for the year, net of tax (C)	33.64	1.02%	9.04	0.24%
Total comprehensive income / (loss) for the year, net of tax (A+B+C)	**95.11**	**2.91%**	**58.97**	**1.54%**

Six months period ended September 30, 2024 compared to Six months period ended September 30, 2023

Total income. Total income decreased by 14.31% to ₹ 3,268.06 crore for the six months period ended September 30, 2024 from ₹ 3,814.02 crore for the six months period ended September 30, 2023, primarily due to the following reasons.

Revenue from operations. Revenue from operations decreased by 14.27% to ₹ 3,222.86 crore for the six months period ended September 30, 2024 from ₹ 3759.11 crore for the six months period ended September 30, 2023, mainly due to impact of general election and prolonged heat period this year.

Other income. Other income increased by 17.68% to ₹ 45.20 crore for the six months period ended September 30, 2024 from ₹ 54.91 crore for the six months period ended September 30, 2023, which is mainly due to interest income.

Total expenses. Total expenses decreased by 15.47% to ₹ 3,185.35 crore for the six months period ended September 30, 2024 from ₹ 3,768.12 crore for the six months period ended September 30, 2023, primarily due to reasons given below for individual heads of expenses.

Cost of materials consumed. Cost of materials consumed decreased by 28.55% to ₹ 297.17 crore for the six months period ended September 30, 2024 from ₹ 415.93 crore for the six months period ended September 30, 2023, primarily due to decrease in the costs incurred towards various consumables such as *inter alia* stores & spares and reinforcement.

Subcontracting expenses. Subcontracting expenses decreased by 9.96% to ₹ 1,977.28 crore for the six months period ended September 30, 2024 from ₹ 2,195.95 crore for the six months period ended September 30, 2023, primarily due to reduction in '*revenue from operations*' due to the sale of Steiner Construction SA and corresponding reduction in related expenses.

Changes in inventories. Changes in inventories decreased by 1178.57% to ₹ 31.71 crore for the six months period ended September 30, 2024 from ₹ (2.94) crore for the six months period ended September 30, 2023, primarily due to routine movement of materials which is not significant.

Employee benefits expense. Employee benefits expense decreased by 10.23% to ₹ 285.37 crore for the six months period ended September 30, 2024 from ₹ 317.90 crore for the six months period ended September 30, 2023, primarily due to impact of sale of Steiner Construction SA partially set off by annual increment given to employees.

Finance costs. Finance costs decreased by 39.22% to ₹ 305.25 crore for the six months period ended September 30, 2023, from ₹ 502.24 crore for the six months period ended September 30, 2023, primarily due to repayment made towards loans availed by our Company, which resulted in a reduction of costs incurred towards interest payment on such loans.

Depreciation and amortisation expense. Depreciation and amortisation expense decreased by 8.17% to ₹ 52.12 crore for the six months period ended September 30, 2024 from ₹ 56.76 crore for the six months period ended September 30, 2023, primarily due to completion of the life span of few of our assets.

Other expenses. Other expenses decreased by 16.24% to ₹ 236.45 crore for the six months period ended September 30, 2024 from ₹ 282.28 crore for the six months period ended September 30, 2023, in line with decrease in revenue from operation and some saving in fixed costs.

Profit/ loss for the period from continuing operations. As a result of the foregoing, profit for the period from continuing operations attributable to the shareholders of our Company increased by 23.01% to ₹ 61.47 crore for the six months period ended September 30, 2024 from ₹ 49.97 crore for the six months period ended September 30, 2023.

The following table sets forth, for the periods indicated, certain items from our Audited Consolidated Financial Results, in each case also stated as a percentage of our total income:

	For the Financial Year					
	March 31, 24 (₹ Cr)	**(% of Total Income)**	**March 31, 2023 (₹ Cr)**	**(% of Total Income)**	**March 31, 2022 (₹ Cr)**	**(% of Total Income)**
Continuing Operations						
Income						
Revenue from continuing operations	7,006.71	98.14%	8,269.86	99.36%	10,668.26	98.54%

	For the Financial Year					
	March 31, 24 (₹ Cr)	(% of Total Income)	March 31, 2023 (₹ Cr)	(% of Total Income)	March 31, 2022 (₹ Cr)	(% of Total Income)
Other Income	132.66	1.86%	53.18	0.64%	158.20	1.46%
Total Income	**7,139.37**	**100.0%**	**8,323.04**	**100.0%**	**10,826.46**	**100.0%**
Expenses						
Cost of materials consumed	862.05	12.07%	1,009.64	12.13%	865.06	7.99%
Subcontracting expenses	4,261.65	59.69%	5,395.45	64.83%	7,112.79	65.70%
Changes in inventories	10.16	0.14%	(11.04)	-0.13%	(17.14)	-0.16%
Employee benefits expense	640.33	8.97%	727.95	8.75%	933.53	8.62%
Finance costs	813.27	11.39%	1,012.31	12.16%	1,036.26	9.57%
Depreciation and amortisation expense	105.10	1.47%	127.64	1.53%	138.34	1.28%
Other expenses	561.32	7.86%	599.57	7.20%	586.21	5.41%
Total Expenses	**7,253.88**	**101.59%**	**8,861.52**	**106.47%**	**10,655.05**	**98.41%**
Profit/ Loss before share of profit of associates/ joint ventures, exceptional items and tax	**(114.51)**	**-1.59%**	**(538.48)**	**-6.47%**	**171.41**	**1.59%**
Share of profit of associates/ joint ventures (net)	41.39	0.58%	9.59	0.12%	5.21	0.05%
Profit/ Loss before exceptional items and tax	**(73.12)**	**-1.01%**	**(528.89)**	**-6.35%**	**176.62**	**1.64%**
Exceptional items – Gain	850.75	11.92%	409.74	4.92%	460.64	4.25%
Profit/ Loss before tax	**777.63**	**10.91%**	**(119.15)**	**-1.43%**	**637.26**	**5.89%**
Tax expense/ (credit)						
Current tax	89.64	1.26%	4.15	0.05%	25.78	0.24%
Deferred tax	158.57	2.22%	(70.79)	-0.85%	39.74	0.37%
Total tax expense / (credit)	248.21	3.48%	(66.64)	-0.80%	65.52	0.61%
Profit / (loss) for the year from continuing operations (A)	**529.42**	**7.43%**	**(52.51)**	**-0.63%**	**571.74**	**5.28%**
Discontinued						

	For the Financial Year					
	March 31, 24 (₹ Cr)	(% of Total Income)	March 31, 2023 (₹ Cr)	(% of Total Income)	March 31, 2022 (₹ Cr)	(% of Total Income)
Operations						
Profit / (loss) before tax from discontinued operations	(51.26)	-0.72%	28.99	0.35%	4.07	0.04%
Tax expense of discontinued operations	-	0.00%	4.32	0.05%	13.07	0.12%
Loss from discontinued operations (after tax) (B)	**(51.26)**	**-0.72%**	**24.67**	**0.30%**	**(9.00)**	**-0.08%**
Net profit / (loss) for the year from total operation (A) + (B	**478.16**	**6.71%**	**(27.84)**	**-0.33%**	**562.74**	**5.20%**
Other comprehensive income / (loss)						
(a) Items that will not be reclassified to profit or loss (net of tax)						
- Gain/ (Loss) on remeasurement of defined benefit plans	49.92	0.70%	(20.23)	(0.24%)	82.49	0.76%
- Gain on fair value of equity instruments	19.46	0.27%	0.53	0.01%	7.09	0.07%
(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)						
- Translation loss relating to foreign operations	(1.84)	(0.03%)	(6.06)	(0.07%)	(4.51)	(0.04%)
Total other comprehensive income / (loss) for the year, net of tax (C)	67.54	0.94%	(25.76)	(0.30%)	85.07	0.79%
Total comprehensive income / (loss) for the year, net of tax (A+B+C)	**545.70**	**7.65%**	**(53.60)**	**(0.63%)**	**647.81**	**5.99%**

Financial Year 2024 compared to Financial Year 2023

Total income. Total income decreased by 14.22% to ₹7,139.37 crore for the Financial Year 2024 from ₹8,323.04 crore for the Financial Year 2023, primarily due to the following reasons.

Revenue from operations. Revenue from operations decreased by 15.27% to ₹7,006.71 crore for the Financial Year 2024 from

₹8,269.86 crore for the Financial Year 2023, primarily due to:

- subdued performance of Steiner AG on account of:
    - ➢ challenging business concerns and consequent liquidity constraints pursuant to rising inflation rates; and
    - ➢ ongoing impact of the COVID-19 pandemic and Russia-Ukraine war on the suppliers of raw materials and overall inflation.
- Further, our revenue from operations was also affected due to rising interest rates on account of global tightening of monetary policy by all central banks and the temporary reluctance of investors in the real estate market in Switzerland.

Other income. Other income increased by 149.45% to ₹132.66 crore for the Financial Year 2024 from ₹53.18 crore for the Financial Year 2023, primarily due to gain on settlement of debt of our Company.

Total expenses. Total expenses decreased by 18.14% to ₹7,253.88 crore for the Financial Year 2024 from ₹8,861.52 crore for the Financial Year 2023, primarily due to reasons given below for individual heads of expenses.

Cost of materials consumed. Cost of materials consumed decreased by 14.62% to ₹862.05 crore for the Financial Year 2024 from ₹1,009.64 crore for the Financial Year 2023, due to decrease in revenue from operations which is at 15.27%.

Subcontracting expenses. Subcontracting expenses decreased by 21.01% to ₹4,261.65 crore for the Financial Year 2024 from ₹5,395.45 crore for the Financial Year 2023, primarily due to a decrease in revenue from operations by 15.27% in Financial Year 2024 as compared to Financial Year 2023.

Changes in inventories. Changes in inventories increased by 192.03% to ₹10.16 crore for the Financial Year 2024 from ₹(11.04) crore for the Financial Year 2023, primarily due to routine movement of materials which is not significant.

Employee benefits expense. Employee benefits expense decreased by 12.04% to ₹640.33 crore for the Financial Year 2024 from ₹727.95 crore for the Financial Year 2023, primarily due to a reduction in our foreign operations, which is also evidenced by the reduction in revenue from operations pursuant to subdued performance of Steiner AG.

Finance costs. Finance costs decreased by 19.66% to ₹813.27 crore for the Financial Year 2024 from ₹1,012.31 crore for the Financial Year 2023, primarily due to deconsolidation impact of Prolific Resolution Private Limited which become a joint venture company from a subsidiary company w.e.f. 30 September 2023.

Depreciation and amortisation expense. Depreciation and amortisation expense decreased by 17.66% to ₹105.10 crore for the Financial Year 2024 from ₹127.64 crore for the Financial Year 2023, due to completion of the life span of few of our assets.

Other expenses. Other expenses decreased by 6.38% to ₹561.32 crore for the Financial Year 2024 from ₹599.57 crore for the Financial Year 2023, primarily due to decrease in revenue from operations by 15.27% in Financial Year 2024 as compared to Financial Year 2023.

Exceptional gain. Exceptional gain is at ₹850.75 crore for the Financial Year 2024 vs ₹409.74 crore for the Financial Year 2023, mainly due gain on deconsolidation of Steiner Construction SA amounting to ₹ 564.56 crore, Gain on deconsolidation of HREL Real Estate Limited, subsidiary amounting to ₹ 86.73 crore. Besides these gain during current financial year there were certain exceptional gain in financial year 2023.

Profit/ (loss) for the year from continuing operations. As a result of the foregoing, gain from continuing operations attributable to the shareholders of our Company was at ₹529.42 crore for the Financial Year 2024 vs loss of ₹(52.51) crore for the Financial Year 2023.

Financial Year 2023 compared to Financial Year 2022

Total income. Total income decreased by 8.44% to ₹8,323.04 crore for the Financial Year 2023 from ₹10,826.46 crore for the Financial Year 2022, primarily due to the following reasons.

Revenue from operations. Revenue from operations decreased by 7.61% to ₹8,269.86 crore for the Financial Year 2023 from ₹10,668.26 crore for the Financial Year 2022, primarily due to:

- subdued performance of Steiner AG on account of:
    - ➢ challenging business concerns and consequent liquidity constraints pursuant to rising inflation rates; and
    - ➢ ongoing impact of the COVID-19 pandemic and Russia-Ukraine war on the suppliers of raw materials and overall inflation.
- Further, our revenue from operations was also affected due to rising interest rates on account of global tightening of monetary policy by all central banks and the temporary reluctance of investors in the real estate market in Switzerland.

Other income. Other income decreased by 64.77% to ₹53.18 crore for the Financial Year 2023 from ₹158.20 crore for the Financial Year 2022, primarily due to a decrease in interest income of our Company and decrease in miscellaneous income of Steiner AG.

Total expenses. Total expenses decreased by 2.20% to ₹8,861.52 crore for the Financial Year 2023 from ₹10,655.05 crore for the Financial Year 2022, primarily due to reasons given below for individual heads of expenses.

Cost of materials consumed. Cost of materials consumed increased by 16.71% to ₹1,009.64 crore for the Financial Year 2023 from ₹865.06 crore for the Financial Year 2022, due to increase in expenses related to our Indian operations, where due to an increase our revenue from operations on a standalone basis as explained above, there was a corresponding increase in the costs incurred towards various consumables such as stores & spares, high tensile steel and ready mix concrete procured for our ongoing projects.

Subcontracting expenses. Subcontracting expenses decreased by 3.93% to ₹5,395.45 crore for the Financial Year 2023 from ₹7,112.79 crore for the Financial Year 2022, primarily due to a decrease in revenue from operations by 7.61% in Financial Year 2023 as compared to Financial Year 2022.

Changes in inventories. Changes in inventories increased by 35.59% to ₹(11.04) crore for the Financial Year 2023 from ₹(17.14) crore for the Financial Year 2022, primarily due to routine movement of materials which is not significant.

Employee benefits expense. Employee benefits expense decreased by 10.38% to ₹727.95 crore for the Financial Year 2023 from ₹933.53 crore for the Financial Year 2022, primarily due to a significant reduction in our foreign operations, which is also evidenced by the reduction in revenue from operations pursuant to subdued performance of Steiner AG.

Finance costs. Finance costs decreased by 2.31% to ₹1,012.31 crore for the Financial Year 2023 from ₹1,036.26 crore for the Financial Year 2022, primarily due to repayment made towards loans availed by us, which also resulted in a reduction of costs incurred towards interest payment on such loans.

Depreciation and amortisation expense. Depreciation and amortisation expense decreased by 7.08% to ₹127.64 crore for the Financial Year 2023 from ₹138.34 crore for the Financial Year 2022, due to completion of the life span of few of our assets such as *inter alia* earth movers, TBM's and hydraulic drilling rigs.

Other expenses. Other expenses increased by 4.32% to ₹599.57 crore for the Financial Year 2023 from ₹586.21 crore for the Financial Year 2022, primarily due to increase in power, fuel and water and professional fees.

Profit/ (loss) for the year from continuing operations. As a result of the foregoing, loss for the year from continuing operations attributable to the shareholders of our Company was at ₹52.51 crore for the Financial Year 2023 from gain of ₹571.74 crore for the Financial Year 2022.

FINANCIAL CONDITION –

Assets

Our consolidated assets and liabilities are set out below as on the dates specified:

(₹ in crore)

Particulars	As at September 30, 2024	As at September 30, 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
ASSETS					
Non-current assets					
Property, plant and equipment	248.59	324.29	284.07	358.09	436.23
Right-of-use assets	83.37	158.43	93.62	186.80	217.61
Capital work-in-progress	0.67	0.12	0.84	0.12	0.68
Investment property	3.15	3.41	3.45	2.84	2.79
Goodwill	-	3.38	3.38	3.38	3.38
Other intangible assets	56.93	63.83	64.09	72.10	62.54
Investments in associates and joint ventures	235.14	87.67	206.82	59.66	20.47
Financial assets					
Other investments	46.49	32.10	38.56	19.11	37.90
Trade receivables	1,431.39	937.18	703.15	670.12	235.75
Loans	39.55	20.83	36.78	26.62	57.32
Other financial assets	12.63	8.34	10.05	3,134.10	18.09
Unbilled work-in-progress (contract assets)	-	-		-	24.56
Deferred tax assets (net)	593.24	779.85	623.43	782.02	742.68
Non-current tax assets (net)	63.57	126.13	43.48	117.46	121.54
Other non-current assets	116.88	117.91	118.82	117.56	67.90
Total non-current assets	**2,931.60**	**2,663.47**	**2,230.54**	**5,549.98**	**2,049.45**

Particulars	As at September 30, 2024	As at September 30, 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Current assets					
Inventories	400.76	464.00	436.31	490.52	484.84
Financial assets					
Investments	15.48	0.18	0.15	0.70	0.66
Trade receivables	2,565.18	1,740.56	2,204.17	2,698.14	2,090.96
Cash and cash equivalents	272.90	366.12	398.73	581.91	720.97
Bank balances other than cash and cash equivalents	359.19	224.34	114.39	571.63	821.42
Other financial assets	77.98	140.67	59.76	95.09	93.42
Unbilled work-in-progress (contract assets)	3,121.42	3,776.76	3,414.29	2,924.98	3,921.48
Other current assets	262.97	266.30	201.04	262.96	322.98
	7,075.88	6,978.93	6,828.84	7,625.93	8,456.73
Assets held for sale	-	691.14		2.19	3,719.00
Total current assets	**7,075.88**	**7,670.07**	**6,828.84**	**7,628.12**	**12,175.73**
TOTAL ASSETS	**10,007.48**	**10,333.54**	**9,059.38**	**13,178.10**	**14,225.18**
EQUITY AND LIABILITIES					
Equity					
Equity share capital	167.99	151.31	151.31	151.31	151.31
Other equity	95.64	(806.72)	(319.79)	(865.69)	(810.45)
Equity attributable to owners of the parent	**263.63**	**(655.41)**	**(168.48)**	**(714.38)**	**(659.14)**
Non-controlling interest	**-**	**-**	**0.00***	**0.00***	**0.00***
Total equity	**263.63**	**(655.41)**	**(168.48)**	**(714.38)**	**(659.14)**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	1,478.90	1,968.13	1,671.52	4,851.11	1,178.47
Lease liabilities	94.81	159.08	96.89	185.70	197.67
Other financial liabilities	1,610.38	1,588.19	1,470.55	1,708.73	1,554.89
Provisions	91.42	112.29	86.68	126.68	111.96
Deferred tax liabilities (net)		-		-	31.45
Total non-current liabilities	**3,275.51**	**3,827.69**	**3,325.64**	**6,872.22**	**3,074.44**
Current liabilities					
Financial liabilities					
Borrowings	639.61	430.57	436.95	443.41	612.71
Lease liabilities	18.55	25.18	17.18	31.35	29.15
Trade payables					
- Total outstanding dues of micro enterprises and small enterprises	95.38	120.81	90.38	134.67	80.00
- Others	3,097.53	2,284.50	2,383.11	2,856.54	2,978.54
Other financial liabilities	1,081.86	926.91	1,016.48	856.76	1,417.02
Other current liabilities	1,267.91	1,873.49	1,651.17	2,086.62	2,444.91
Current tax liabilities	0.70	10.53	0.21	8.97	1.24
Provisions	266.80	499.04	306.74	601.94	479.20
	6,468.34	6,171.03	5,902.22	7,020.26	8,042.77
Liabilities held for sale	-	990.23	-	-	3,767.11
Total current liabilities	**6,468.34**	**7,161.26**	**5,902.22**	**7,020.26**	**11,809.88**
TOTAL EQUITY AND LIABILITIES	**10,007.48**	**10,333.54**	**9,059.38**	**13,178.10**	**14,225.18**

Financial Year 2024 compared to Financial Year 2023

Increase in non-current assets/ decrease in current assets/ increase in non-current liabilities/ decrease in current liabilities.

The primary reason for increase / decrease in all the above heads of the balance sheet is due to implementation of the Resolution Plan in the year 2023 and deconsolidation of Prolific Resolution Private Limited (PRPL) on it becoming Joint venture from a subsidiary.

In the Financial Year 2023, pursuant to the Resolution Plan, our Company has successfully novated specified debt of lenders aggregating to ₹2,855.69 crore to PRPL, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹6,508.44 crore with a carrying value of ₹2,894.11 crore in favour of PRPL. As a result, in Financial Year 2023, these assets and liabilities were treated as non-current assets and/or non-current liabilities in the books of

PRPL and accordingly consolidated as a subsidiary, in the audited consolidated financial statements of HCC for the Financial Year 2023.

In the Financial Year 2024, PRPL become a Joint Venture Company and it was deconsolidate in consolidated financial statement of HCC which results in reduction in assets and liabilities to the extent of PRPL deconsolidation.

Financial Year 2023 compared to Financial Year 2022

Increase in non-current assets/ decrease in current assets/ increase in non-current liabilities/ decrease in current liabilities.

The primary reason for increase / decrease in all the above heads of the balance sheet is due to implementation of the Resolution Plan. In the Financial Year 2023, pursuant to the Resolution Plan, our Company has successfully novated specified debt of lenders aggregating to ₹2,855.69 crore to Prolific Resolution Private Limited, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹6,508.44 crore with a carrying value of ₹2,894.11 crore in favour of Prolific Resolution Private Limited. As a result, in Financial Year 2023, these assets and liabilities were treated as non-current assets and/or non-current liabilities in the books of Prolific Resolution Private Limited and accordingly consolidated in the audited consolidated financial statements for Financial Year 2023. In the Financial Year 2022, since these assets and liabilities were classified as 'held for sale', they were treated as current assets and/or current liabilities, held for sale.

Cash Flows

The following table summarizes our statements of cash flows for the periods presented:

(₹ in crore)

Particulars	For the Financial Year		
	2024	2023	2022
Cash flow from operating activities	90.68	16.00	946.63
Cash flow from investing activities	824.85	425.61	(225.03)
Cash flow from financing activities	(809.84)	(603.10)	(659.95)
Net increase or (decrease) in cash and cash equivalents	105.69	(161.49)	61.65

Financial Year 2024 compared to Financial Year 2023

Operating Activities

Net cash generated from operating activities increased to ₹90.68 crore for Financial Year 2024 from ₹16.00 crore for Financial Year 2023, primarily due to better management of working capital .

Investing Activities

Net cash generated used in investing activities increased to ₹824.85 crore for Financial Year 2024 from ₹425.61 crore for Financial Year 2023, primarily due to reduction in investment in PPE and higher net proceeds from fixed deposits above ninety days, from our net investments during the current year as compared to previous year.

Financing Activities

Net cash used in financing activities increased to ₹(809.84) crore for Financial Year 2024 from ₹(603.10) crore for Financial Year 2023, primarily due to higher re-payment of borrowing as well payment of finance costs.

Increase/decrease in net cash and cash equivalents. As a result of the foregoing, there was a increase in the net cash and cash equivalents by ₹105.69 crore (excluding impact of deconsolidation of a subsidiary) for Financial Year 2024 as against an decrease by ₹(161.49) crore for Financial Year 2023.

Indebtedness

The following table sets forth certain information relating to our outstanding indebtedness as per the periods indicated above:

(Amount in ₹ crore)

Particulars	As on			
	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Borrowings – Non-Current	1478.90	1,671.52	4,851.11	1,178.47
Borrowings - Current	639.61	436.95	443.41	612.71
Liabilities of discontinued operations	-		-	678.15
Liabilities of disposal group	-		-	2,448.94
Total Borrowings*	2,118.51	2,108.47	5,294.52	4,918.27

* *The amount under 'Total Borrowings' excludes accrued interest on total borrowings amounting to ₹1856.86 crore, ₹1654.44 crore, ₹1843.16 crore and ₹2,546.64 crore as on September 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022 respectively, as accrued interest has been accounted under other financial liabilities..*

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

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

Contingent liabilities and commitments

The following table sets forth details of our contingent liabilities and commitments as of March 31, 2024:

(₹ in crore)

Particulars	As of March 31, 2024 *(₹ in crore)*
Contingent liabilities	
Claims not acknowledged as debts by the Group*	101.63
Income tax liability that may arise in respect of matter in which the Group is in appeals	74.92
Indirect tax liability that may arise in respect of matter in which the Group is in appeals	181.51
Stamp duty	11.66
Total	**369.72**
Commitments	
Capital commitment (net of advances)	4.43

Note: It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

* *includes claims against our Company, which are not accepted by our Company such as claims under construction expenses, bank guarantee encashments and labour and land related claims. Our Company does not expect any outflow of economic resources in respect of these claims and therefore no provision is made in our books of accounts. Consequently, these claims are shown as contingent liabilities in our financial statements. The details of the claims are set out in the table below:*

Name of Entity	Financial year ended March 31, 2024 (in ₹ crore)
Hindustan Construction Company Limited	238.69
Steiner AG, Zurich	91.91
HCC Infrastructure Company Limited	39.13
Total	**369.74**

Related Party Transactions

We entered into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see "*Financial Statements*" on page 279.

Qualitative disclosure about market risk

Unusual or Infrequent Events or Transactions

Except as described in "*Risk Factors*" and "*Our Business*", beginning on pages 44 and 207, respectively, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Significant economic changes that materially affect or are likely to affect income from continuing operations

Except as described in this Preliminary Placement Document, there have been no other significant economic changes to the best of our knowledge which materially affected in the last three financial years or are likely to affect income from continuing operations.

Known Trends or Uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above under "Significant Factors Affecting our Results of Operations and Financial Condition" and the uncertainties described in "*Risk Factors*" on page 44. To our knowledge, except as described in this Preliminary Placement Document, there are no known factors, which are expected to have a material adverse impact on our revenues or income from continuing operations.

<u>*Statutory Auditors' Qualifications or Observations*</u>

Six months ended September 30, 2024

Qualified Conclusion

"*As stated in Note 4 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to Rs.583.40 crore as at September 30, 2024, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of history of losses recorded by the Holding company, we are unable to obtain sufficient and appropriate audit evidence with respect to projection of the future taxable profit prepared by the management and therefore, are unable to comment upon the adjustments, if any, that are required to the carrying value of the aforesaid net deferred tax assets as at September 30, 2024*."

Review report of the erstwhile Statutory auditors of the Company on the unaudited consolidated financial results of the Company for the quarter ended June 30, 2024 dated August 5, 2024, for the quarter ended September 30, 2023 dated November 9, 2023 and Audit Report for year ended March 31, 2024 dated May 24 2024 were also qualified in respect of the above matter.

Six months ended September 30, 2023

Qualified Conclusion

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

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

Financial Year 2024

Qualified Opinion

"Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹ 613.09 crore as at 31 March 2024, which mainly includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the Holding Company's management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2024.

Our audit report dated 18 May 2023 on the consolidated financial statements of the Group for the year ended 31 March 2023 was also qualified in respect of this matter"

Financial Year 2023

Qualified Opinion

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

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

Financial Year 2022

Qualified Opinion

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

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

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

Our audit report dated 233 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter.

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

Our audit report dated 233 June 2021 on the consolidated financial statements for the year ended 31 March 2021 was also qualified in respect of this matter."

For details regarding emphasis of matters and key audit matters, as applicable, please see "*Financial Statements*" on page 279.

For further details, please see "*Risk Factors*" on page 44.

Significant Developments after September 30, 2024 that may affect our Future Results of Operations

Except as otherwise as set out in this Preliminary Placement Document, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Preliminary Placement Document which materially and adversely affect or are likely to affect our trading and profitability, the value of our assets or our ability to pay our liabilities within the next 12 months. For details regarding the business reorganization process of our Material Subsidiary, Steiner AG, please see "*Risk Factors – Our Material Subsidiary, Steiner AG, has filed for a debt moratorium in the country of its operations as a part of process of business reorganization*" on page 60.

1. Economic Outlook

1.1 Global Economy

Global growth, which stood at 3.3% in CY23, is anticipated to fall to 3.2% in CY24 and then bounce back again to 3.3% in CY25. The CY24 forecast has remained same compared to the April 2024 World Economic Outlook (WEO) Update, and increased by 0.1 percentage point compared to the January 2024 WEO. Despite this, the expansion remains historically low, attributed to factors including sustained high borrowing costs, inflation woes, reduced fiscal support, lingering effects of Russia's Ukraine invasion, Iran–Israel Cold War, sluggish productivity growth, and heightened geo-economic fragmentation.

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

	Real GDP (Y-o-Y change in %)Real GDP (Y-o-Y change in %)									
	CY20	CY21	CY22	CY23	CY24P	CY25P	CY26P	CY27P	CY28P	CY29P
India	-5.8	9.7	7.0	8.2	7.0	6.5	6.5	6.5	6.5	6.5
China	2.2	8.5	3.0	5.2	5.0	4.5	3.8	3.6	3.4	3.3
Indonesia	-2.1	3.7	5.3	5.0	5.0	5.1	5.1	5.1	5.1	5.1
Saudi Arabia	-3.6	5.1	7.5	-0.8	1.7	4.7	4.0	3.5	3.0	3.5
Brazil	-3.3	4.8	3.0	2.9	2.1	2.4	2.1	2.0	2.0	2.0
Euro Area	-6.1	5.9	3.4	0.5	0.9	1.5	1.4	1.3	1.3	1.2
United States	-2.2	5.8	1.9	2.5	2.6	1.9	2.0	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (July 2024)

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP has been at USD 3.6 trillion for CY23 and is projected to reach USD 5.3 trillion by CY27 and USD 6.4 trillion by CY29. India's expected GDP growth rate for coming years is almost double compared to the world economy.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6.5% in the period of CY24-CY29, outshining China's growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7.6% share in the global economy, with China ~18.7% on the top followed by the United States ~15.6%. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19's impact, high inflationary environment and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience. This resilience is mainly supported stable financial sector backed by well-capitalized banks and export of services in trade balance. With this, the growth of Indian economy is expected to fare better than other economies majorly on account of strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners.

1.2 Indian Economic Outlook

1.2.1 GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's real GDP grew by 7.0% in FY23 and stood at ~Rs. 161 trillion, as per the First Revised Estimate, despite the pandemic in previous years and geopolitical Russia-Ukraine spillovers. In Q1FY24, the economic growth accelerated to 8.2%. The manufacturing sector maintained an encouraging pace of growth, given the favorable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum remained in the range in the Q2FY24 with GDP growth at 8.1%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24. The GDP growth number improved for Q3FY24 at 8.6%.

India's GDP at constant prices surged to Rs. 47.24 trillion in Q4FY24 from Rs. 43.84 trillion in Q4FY23, marking a 7.8% growth rate. This upswing was fueled by robust performances in construction, mining & quarrying, utility services, and manufacturing sectors and investment drove the GDP growth, while both private and government consumption remained subdued.

Real GDP in the year FY24 is estimated to grow at 8.2% at Rs. 173.82 trillion as per provisional estimate of the Ministry of Statistics and Programme Implementation. It is expected that domestic demand, especially investment, to be the main driver of growth in India, amid sustained levels of business and consumer confidence.

Persistent geopolitical tensions and volatility in international commodity prices do pose risk to this outlook. Based on these considerations, the RBI, in its June 2024 monetary policy, has projected real GDP growth at 7.2% y-o-y for FY25.

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

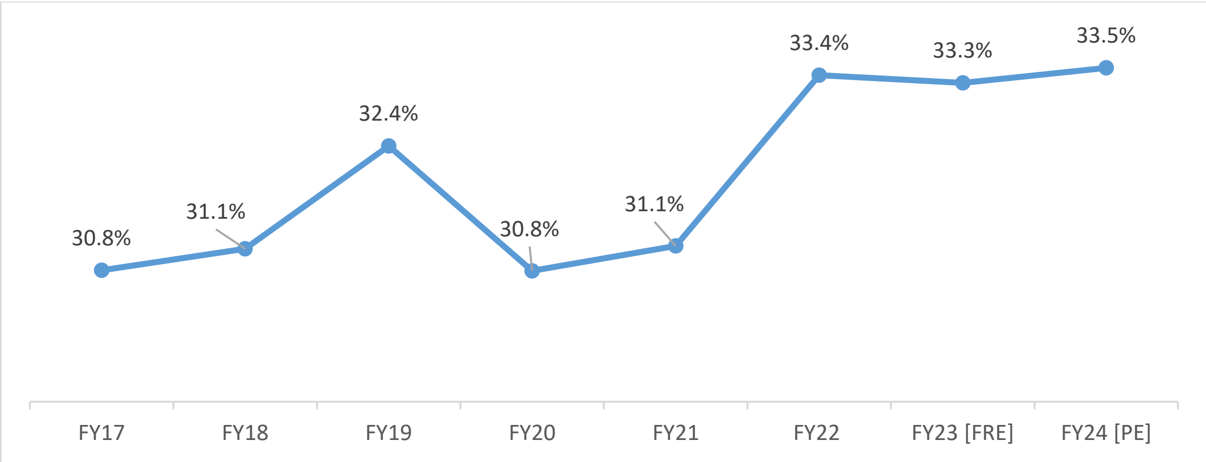
FY25P	Q1FY25P	Q2FY25P	Q3FY25P	Q4FY25P
7.2%	7.3%	7.2%	7.3%	7.2%

Note: P-Projected; Source: Reserve Bank of India

1.2.2 Investment Trend in Infrastructure

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 33.4%, which is the highest level in 5 years (since FY17). In FY23, the ratio of investment (GFCF) to GDP remained flat at 33.3%. Continuing in its growth trend, this ratio has reached 33.5% in FY24.

Chart 1: Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices):



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate, FAE-First Advance Estimate; Source: MOSPI

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

1.2.3 Industrial Growth

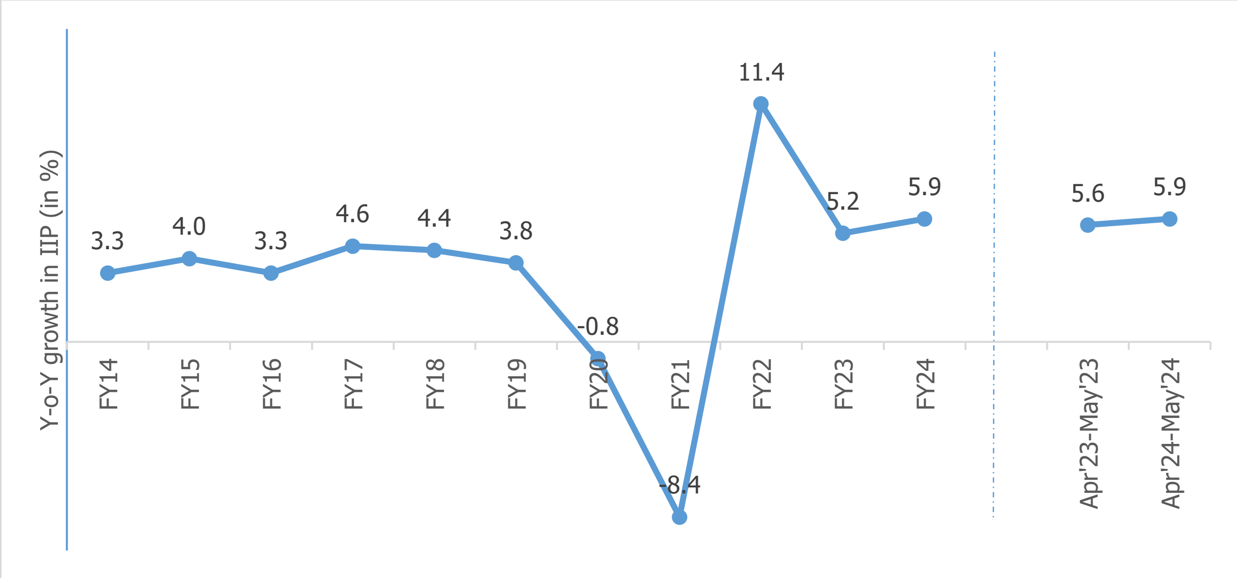
Improved Core and Capital Goods Sectors helped IIP Growth Momentum

The Index of Industrial Production (IIP) is an index to track manufacturing activity in an economy. On a cumulative basis, IIP grew by 11.4% y-o-y in FY22 post declining by 0.8% y-o-y and 8.4% y-o-y, respectively, in FY20 and FY21. This high growth was mainly backed by a low base of FY21. FY22 IIP was higher when compared with the pre-pandemic level of FY20, indicating that while economic recovery was underway.

During FY23, the industrial output recorded a growth of 5.2% y-o-y supported by a favorable base and a rebound in economic activities. The period April 2024 – May 2024, industrial output grew by 5.4% compared to the 5.1% growth in the corresponding period last year. For the month of May 2024, the IIP growth increased to 5.9% compared to the last year's 5.7%, on account of growth in mining and electricity. The manufacturing sector grew modestly with the top three contributors being Manufacture of basic metals, Manufacture of pharmaceuticals, medicinal, chemical, and botanical products, and Manufacture of electrical equipment.

So far in the current fiscal, the government's spending on infrastructure has been strong, but private investment hasn't picked up significantly yet. Consumer durables production increased due to favorable conditions, while non-durables saw a slight decline. Urban demand is driving consumption, while rural demand is still recovering. Good monsoon forecasts are positive, but high unemployment and food inflation pose challenges. Infrastructure/construction output is growing well due to government spending. Private investment and manufacturing capacity utilization are increasing, supporting hopes for private sector growth. Good monsoon could boost rural demand, but food inflation remains a concern. Overall, sustained improvements in consumption and private investment are crucial for industrial performance.

Chart 2: Y-o-Y growth in IIP (in %)



Source: MOSPI

2. Global Infrastructure Industry

2.1 Overview

The need for physical infrastructure including real estate, roads, railways, airports, ports, water and energy, etc., is rising day by day. According to the World Bank, one billion people reside more than two kilometers from an all-season road, 675 million do not have access to electricity at home, and almost 4 billion do not have access to the internet. It is critical to bridge this gap in order to promote economic growth across the globe.

Despite the enormous economic growth and development over the last decade, the Asian Development Bank emphasizes that essential infrastructure in many nations remains far from adequate. The demand for resilient infrastructure, especially in the medical and digital field has increased due to COVID-19. Several initiatives on infrastructure-related projects have been taken by governments globally to boost economic growth and provide job opportunities.

Some of the key growth drivers of the global infrastructure industry are the rising population, increasing urbanization, upgrading infrastructure and retrofit industries, and technological advancements. In addition, the shift toward sustainable infrastructure is propelling the industry's demands because of environmental concerns. Besides, investments in infrastructure the government and private sector will aid in social and economic development.

Overall, the demand for the global infrastructure industry will continue to grow as it is integral to the physical landscape of the world and facilitates trade and commerce between countries. Furthermore, the rising urbanization, attributed to the growing population and support from governments worldwide will accelerate the industry growth.

3. Infrastructure industry in India

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

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

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

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

3.1 Policy framework for the infrastructure sector

NITI Aayog had brought in the National Program and Project Management Policy Framework, which introduced sweeping reforms in the way infrastructure projects were executed in India, an action plan to:

1. Adopt a program and project management approach to infra development.
2. Institutionalize and promote the profession of program and project management and build a workforce of such professionals.
3. Enhance institutional capacity and capability of professionals.

3.2 Investments & Government initiatives in the Infrastructure sector in India

- Shri Gadkari has stated that green initiatives in construction will be taken to make country carbon neutral by 2070.
- The Ministry has undertaken development of 2,078 km of Port connectivity roads in the country, including 372 km in the State of Maharashtra to increase logistics efficiency.
- A total 27 Greenfield corridors having overall length 9,860 km planned in the country. The objective behind construction of roads under Greenfield projects is to optimize the overall cost to the economy, while catering to the traffic needs of the Origin-Destination in the most efficient way, providing most efficient connectivity between key economic centres, avoiding rehabilitation and resettlement on large scale, achieving higher speed and safer roads with dedicated entry/exit points. Phase-I of the Bharatmala Pariyojana includes the development of 25 high-speed Greenfield corridors, covering 9,125 km.
- The Government of India has proposed the development of Multi Modal Logistics Parks (MMLP) in India at some of the highest freight movement regions in the country with approval granted for 35 locations across the country. At present, 5 MMLP’s have been awarded.
- Shri Gadkari announced that there is a plan to implement Bahu Bali Cattle fence along the highways in the country to prevent accidents that cause loss to human life.
- Foundation stone for 11 NH projects worth Rs 5,600 crore have been laid in Pratapgarh, Rajasthan.
- The Asian Development Bank (ADB) approved a loan in November 2021 for US$ 250 Million to support the National Industrial Corridor Development Program (NICDP). This is a portion of the US$ 500 Million loan for constructing 11 industrial corridors connecting 17 states.
- With the launch of the "Infrastructure for the Resilient Island States" initiative in November 2021, India will have a significant opportunity to improve the lives of other vulnerable nations around the globe.
- Dubai and the Indian Government signed a contract in October 2021 to build infrastructure in Jammu and Kashmir, including industrial parks, IT towers, multipurpose towers, logistics centres, medical colleges, and specialized hospitals.
- For reform-based and result-linked fresh electricity distribution, the Government declared Rs. 3,059.84 Billion scheme over the next five years.
- The Mega Investment Textiles Parks (MITRA) scheme was introduced to create seven textile parks over three years and world-class infrastructure for the textile industry.
- The Ministry of Railways intends to monetize a number of assets, including the Eastern and Western Dedicated Freight Corridors once they have been put into service, the introduction of 150 modern rakes via public private partnership (PPP), station renovation via PPP, railway land parcels, multifunctional complexes (MFC), railway colonies, hill railways, and stadiums.
- Road connectivity projects (Patna-Purnea Expressway, Buxar-Bhagalpur Expressway, Bodhgaya, Rajgir, Vaishali & Darbhanga spurs, additional 2-lane bridge over river Ganga at Buxar) are to be developed at the cost of Rs. 26,000 crore. Additionally, financial support of Rs.15,000 crore has been provided for Andhra Pradesh Reorganization Act in FY25.

- Phase IV of PM Gram Sadak Yojana (PMGSY) to be launched to provide all-weather connectivity to 25,000 rural habitations. As of 23rd July, 2024, 8,10,083 km of road has been sanctioned and 7,65,530 km has been completed with a total expenditure of Rs. 3,24,177 crore on this scheme.

- Initiatives in nuclear energy like setting up of bharat small reactors and research and development of bharat small modular reactor and emerging nuclear technologies. An outlay of Rs.2,228 crores was announced in the latest budget 2024-25.

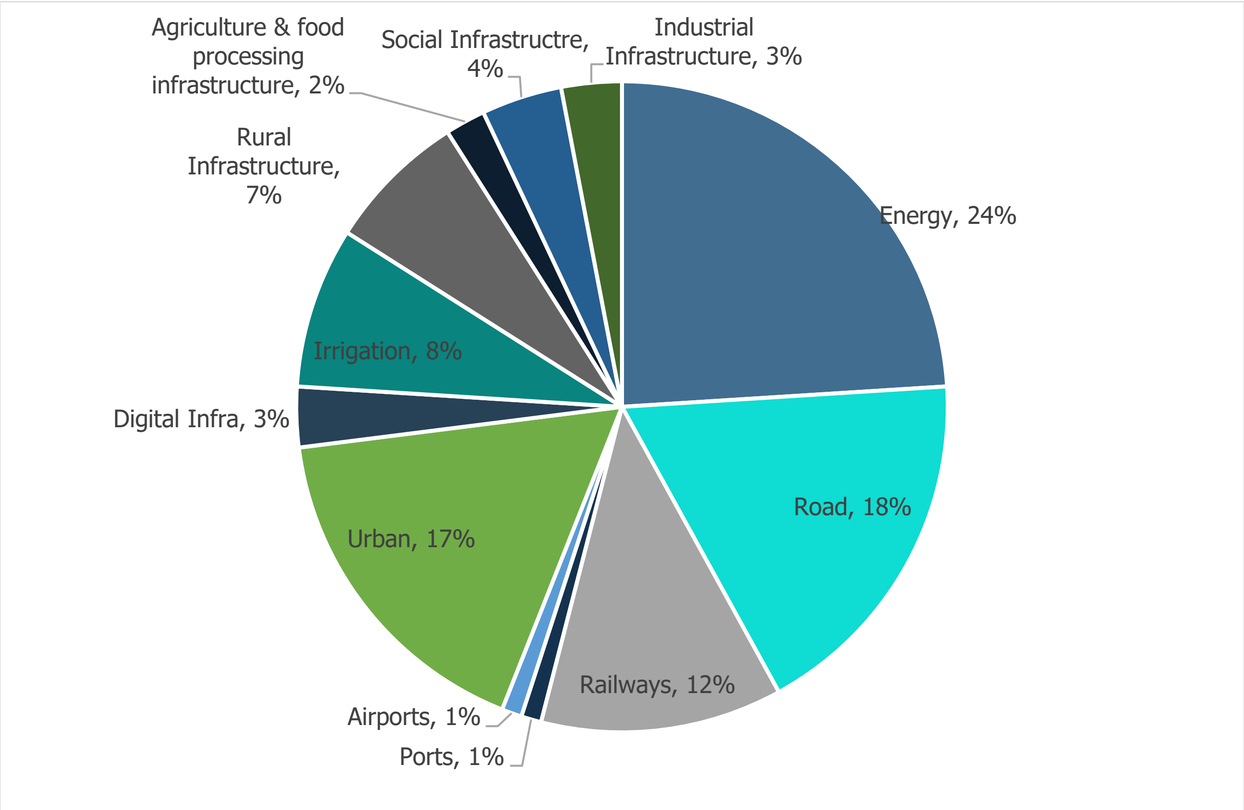
- Rs.10,000 crores has been allocated for solar power grid, Rs.2,416 crores for strengthening of power systems and Rs.1,200 crores in power system development fund. Overall, a total outlay of Rs. 68,769 crores in the energy sector in various projects and scheme.

Opportunities in National Infrastructure Policy

Before the onset of the pandemic the GoI had unveiled the National Infrastructure Policy (NIP) covering various sectors and regions indicating that it is relying on an 'infrastructure creation' led revival of the country's economy. The NIP which covered rural and urban infrastructure entailed investments to the tune of Rs.111 Trillion to be undertaken by the Central Government, State Governments and the private sector during FY20-FY25. This in turn is expected to offer significant opportunities to construction players in India.

In order to achieve the GDP of USD 5 trillion by FY25, India needs to spend about USD 1.4 trillion over these years on infrastructure. During FYs 2008-17, India invested about USD 1.1 trillion on infrastructure. However, the challenge is to step up infrastructure investment substantially. Keeping this objective in view, National Infrastructure Pipeline (NIP) was launched with projected infrastructure investment of around Rs.111 Trillion (USD 1.5 trillion) during FY20-FY25 to provide world-class infrastructure across the country, and improve the quality of life for all citizens. It also envisages to improve project preparation and attract investment, both domestic and foreign in infrastructure. NIP was launched with 6,835 projects, which has expanded to over 9,800 projects covering 59 infrastructure sub-sectors. Currently, over 2000 projects are under development.

Chart 3: Sector-wise break-up of capital expenditure of Rs.111 Trillion during fiscal 2020-25



Source: NIP

During the fiscals 2020 to 2025, sectors such as energy (24%), roads (18%), urban (17%), and railways (12%) amount to around 71% of the projected capital expenditure in infrastructure in India. NIP has involved all the stakeholders for a coordinated approach to infrastructure creation in India to boost short-term as well as the potential GDP growth.

Further, the number of projects and the total cost as per NIP for different sectors as on 26th July 2024 are as follows:

Sector	No. of projects	Value of projects (USD Billion)
Roads & bridges	3,824	402
Waste and Water	2,418	93
Real Estate	1,732	263
Power (Generation, Transmission & Distribution)	1,450	438
Railways	846	254
Urban public transport (Metro, bus terminal, road/traffic infra etc)	231	100

Source: NIP

4. SWOT Analysis for Infrastructure

Strengths:

- Availability of a large workforce that can be employed for infrastructure projects.

- The adoption of technology in infrastructure projects is gradually increasing, helping in cost reduction and enhancing efficiency.

- Huge investments by the government - There has been an increase of 17% in CapEx toward infrastructure to Rs. 11.11 lakh crore (3.4% of the GDP) in the 2024-25 Union budget as compared to the 2023-24 Union Budget. As per the Union Budget 2024-25, a capital outlay of Rs. 2.52 lakh crore has been provided for the railways, which is the highest ever outlay and about more than 9 times the outlay made in 2013-14.

- Boosting tourism development in India, for instance, the Mumbai-Goa National Highway completed by December 2023, is a highway connecting major tourist destinations in Konkan. Further, special focus on promoting spiritual and religious tourism across India, including development of Vishnupad and Mahabodhi Temples in Bihar and encouraging tourism in Odisha will contribute to infrastructure growth.

- Moreover, industrial development will get a boost as there is a road connecting major industrial areas.

- The capital expenditure in the roads sector has increased by a CAGR of 32% from Rs. 89,195 crore in 2020-21 to Rs. 2,72,241 crore in 2024-25 as per Union Budget estimates.

- Progess on Pradhan Mantri Gram Sadak Yojana is on track and is expected to provide all-weather connectivity to 25,000 rural habitations.

- Three major economic railway corridor programmes were identified under the PM Gati Shakti in Union Budget 2024-25 to be implemented to improve logistics efficiency as well as reduce cost.

- The government has planned to expand the Vande Bharat train fleet and launch in three categories depending on distance: Vande Metro covering 100 km, Vande Chair Car for 100-550 km and Vande Sleeper for over 550 km. Further, the operational services for Vande Bharat sleeper trains are anticipated to commence in the current fiscal and is expected to have 250 such trains by 2029. Moreover, 40,000 normal rail bogies to be converted to Vande Bharat standards.

Weakness:

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

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

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

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

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

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

Opportunities:

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

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

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

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

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

- The Government's National Monetization Plan (NMP) has recognized the road sector as having monetization potential of approximately Rs. 6 lakh crore. In FY24, the target was Rs. 1.8 lakh crore—the highest goal for any of the last four years—of which around Rs. 1.56 lakh crore was achieved. NHAI has already identified and released an indicative list of 33 assets for monetization in FY25.

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

Threats:

- Delay in implementation of government schemes.

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

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

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

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

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

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

5. Power (Hydro, nuclear, thermal)

5.1 Overview

Power is one of the most critical components for infrastructure development and crucial for the economic growth and well-being of any country. The existence and development of adequate power infrastructure is essential for the sustained growth of the Indian economy.

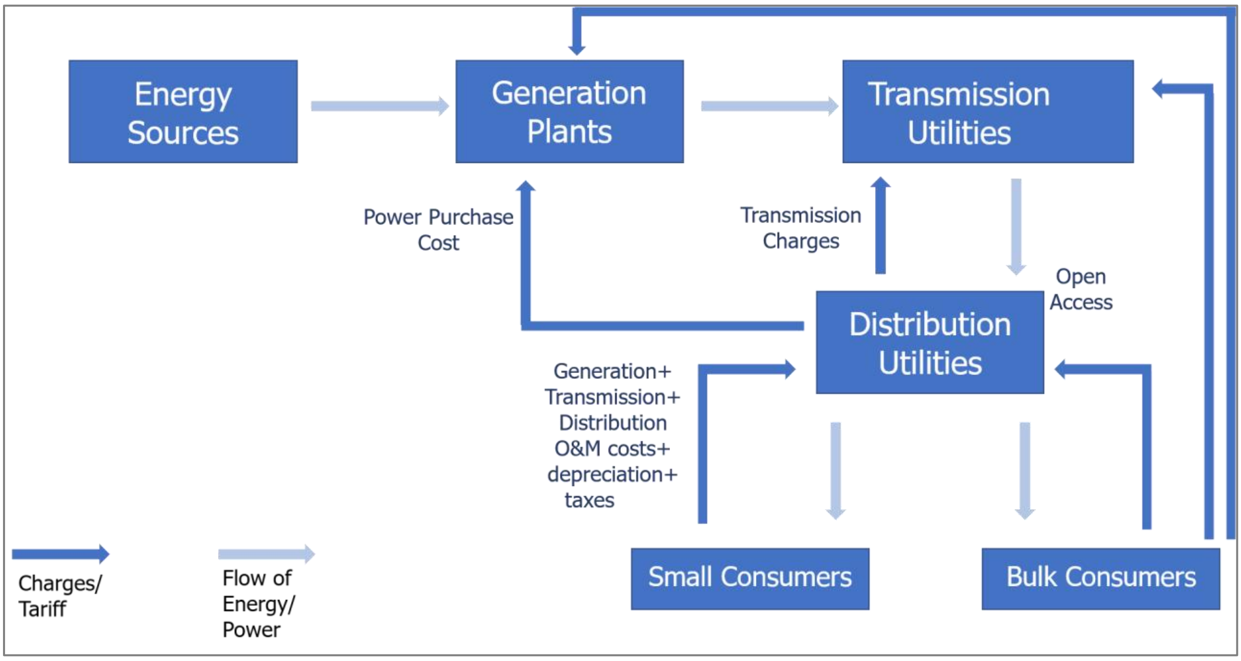
The power industry is divided into three segments:

- Generation
- Transmission
- Distribution

Generation is the process of producing electricity from different sources like thermal energy (coal, diesel etc.), nuclear and renewable sources such as sunlight and wind, natural gas, etc. in generating stations or power generation plants. Transmission utilities transport large amount of electricity from power plants to distribution substations via a grid at high voltages. The retail electricity distribution, which is the distribution of electricity to consumers at lower voltages, forms part of the distribution segment.

The structure of the power industry is depicted in the figure below.

Chart 4: Structure of Power Sector in India

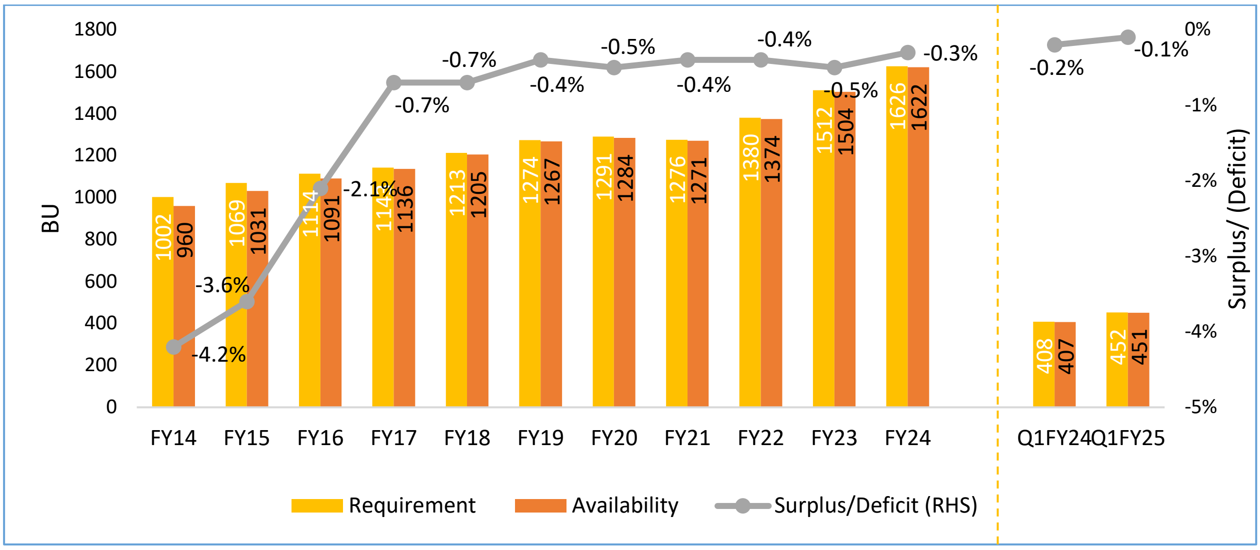


Source: CareEdge Research

5.2 Review and outlook of the power demand-supply in India Power demand, supply and deficit in India

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

Chart 5: Power supply position in India



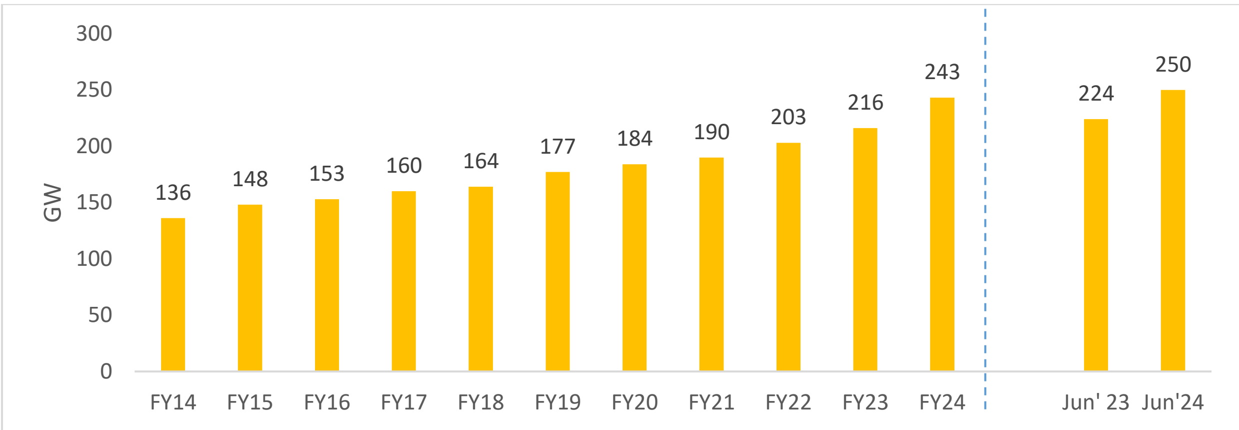
Source: Power Ministry, CEA, CareEdge Research

The electricity requirement has grown from 1,002 BU in FY14 to 1,626 BU in FY24, CAGR being 4.7%. There has been a continuous deficit between electricity requirement and availability of around 0.3%-4.2% between FY14 and FY24.

However, the peak demand not met was around 6 GW in FY14 and the average energy not supplied was around 42,428 MU. The peak demand not met and energy not supplied has been on a downward trend since and substantially decreased to 2.475 GW and 5,787 MU, respectively, in FY22. However, in FY23, due to high power demands, the peak demand not met was 8.6 GW and energy not supplied increased to 5,057 MU. Whereas during 2024, the peak demand not met was 3.0 GW.

Further, peak energy demand grew at a CAGR of 6.7% from 136 GW in FY14 to 243 GW in FY24, while peak supply grew at a CAGR of 6% over the same period. There was a 7.54% y-o-y increase in the power requirement by the country in FY24. The peak power demand was the highest ever at 243 GW in FY24, due to higher temperatures during the summer season compared to last year.

Chart 6: All India peak demand

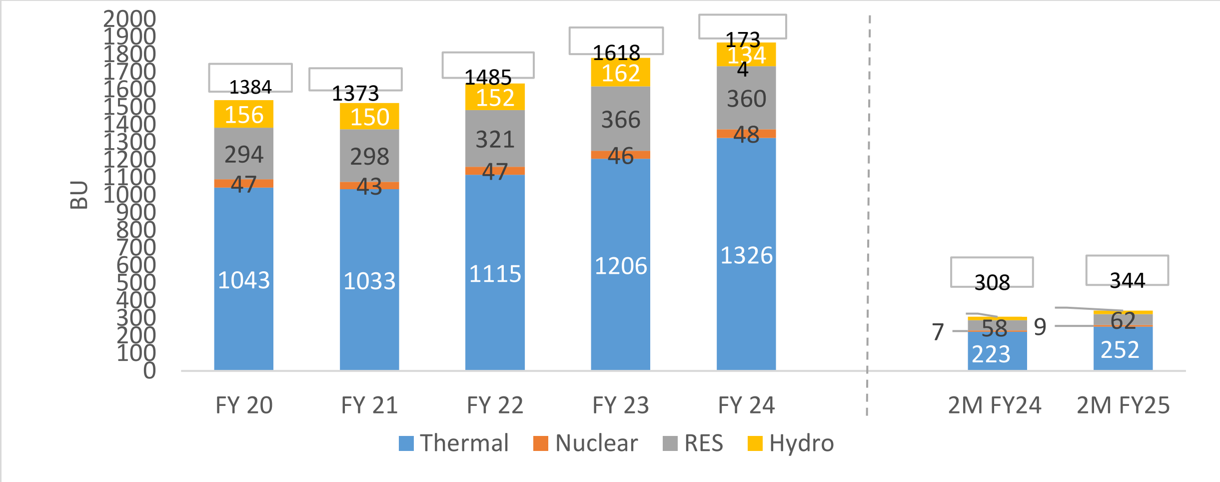


Source: Power Ministry, CEA, CareEdge Research

5.3 Overview of Indian Power Generation Industry

The Indian power generation sector is one of the most diversified in the world. Power generation sources in India range from conventional sources such as coal, lignite, natural gas, oil, and nuclear to viable unconventional sources such as wind, solar, hydro, agricultural and household waste.

Chart 7: Power Generation over the years

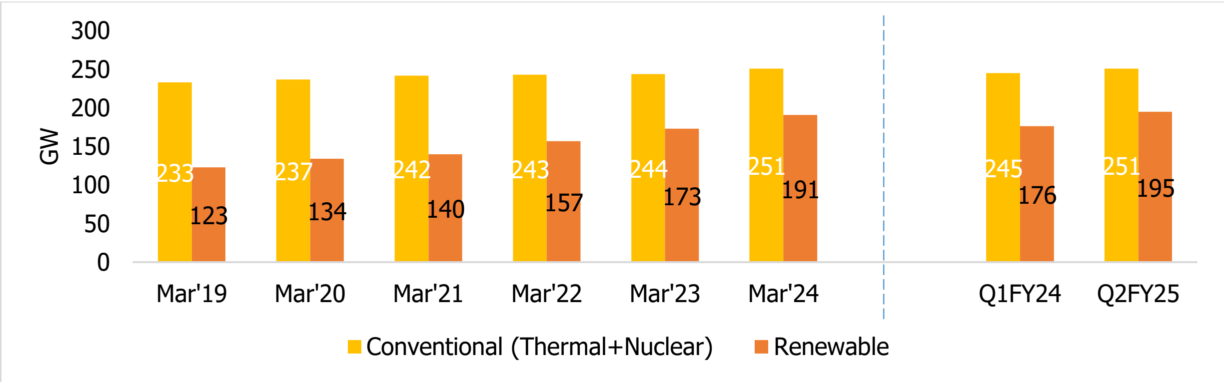


Source: CEA; RES refers to power generated from Hydro, Wind, Solar, Small hydro and Bioenergy projects;
Note: YTD FY23/FY24 indicates period from April to January

5.4 Installed capacity

India is the world's third-largest producer and second-largest user of energy. The installed power capacity in India increased from 356 GW in FY19 to 442 GW in FY24. It increased by 6% y-o-y in June 2024 to 446 GW.

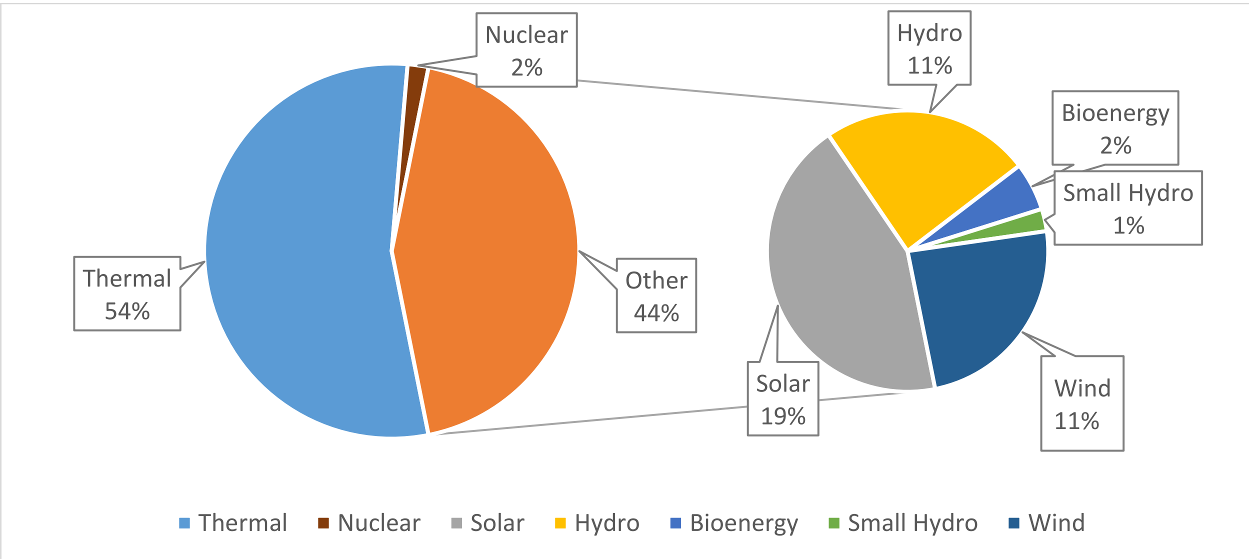
Chart 8: Installed Capacity Trend



Source: CEA, CareEdge Research
Note: Renewable also consists of Hydro power

Conventional sources currently account for 57% of installed capacity, while RES including hydro, currently accounts for 43%. Within RES, solar accounts for the largest share of 19% followed by hydro at 10% and wind at 11%.

Chart 9: Mode-Wise Total Installed Capacity – 446 GW (June'24)



Source: CEA, CareEdge Research

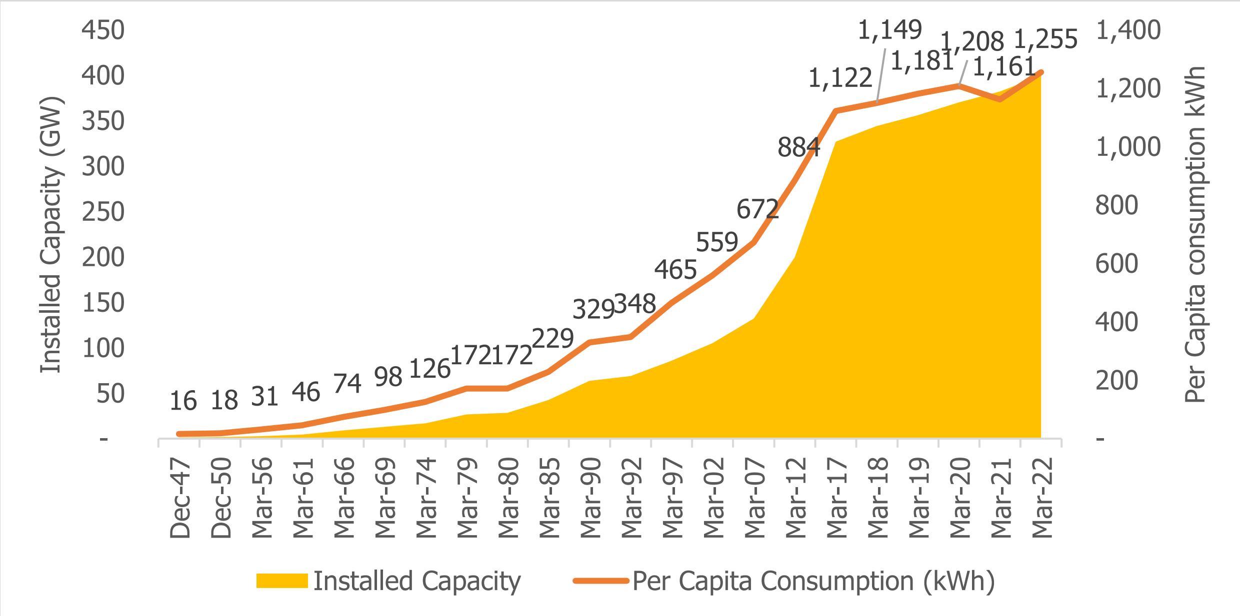
Renewable accounts for 43% of the total power generation capacity of which solar accounts for the largest share of 19% followed by hydro and wind at 11%.

5.5 India's per capita power consumption

India's per capita power consumption

India's per capita power consumption has been on a consistent rise with the government focusing more and more on electrification of villages and families across the country. It has risen steadily over the last nine years, from 884 kWh per capita in 2011-12 to 1,255 kWh per capita in 2021-22. At the time of India's independence in 1947, demand was only 16 kWh per capita.

Chart 10: Growth of Electricity Sector in India - Installed Capacity and Per Capita Consumption*



Source: CEA, CareEdge Research
(*) Per Capita Consumption= Gross Electricity availability/ Mid-year Population
Note: Before 2000, Dec-47 to Mar-97 denotes December-1947 to March-1997

Developed countries such as Japan and the United States have the world's highest per capita electricity consumption. India's per capita consumption has remained low as compared to even the emerging countries like Brazil and Mexico, implying significant room for growth.

Table 3: Global Per Capita Consumption Comparison (MWh/Capita)

Year	World	India	Nigeria	Mexico	Thailand	Brazil	China	Japan	USA
1990	2.06	0.32	0.11	1.14	0.70	1.46	0.53	6.71	11.69
1995	2.14	0.46	0.11	1.38	1.25	1.63	0.79	7.53	12.64
2000	2.32	0.51	0.09	1.76	1.45	1.90	1.02	8.05	13.66
2005	2.58	0.61	0.13	1.98	1.91	2.02	1.81	8.30	13.68
2010	2.87	0.77	0.14	2.02	2.31	2.37	2.96	8.78	13.38
2015	3.06	1.01	0.15	2.23	2.58	2.56	4.05	8.01	12.86
2019	3.30	1.18	0.10	2.40	2.90	2.60	5.10	7.90	12.70

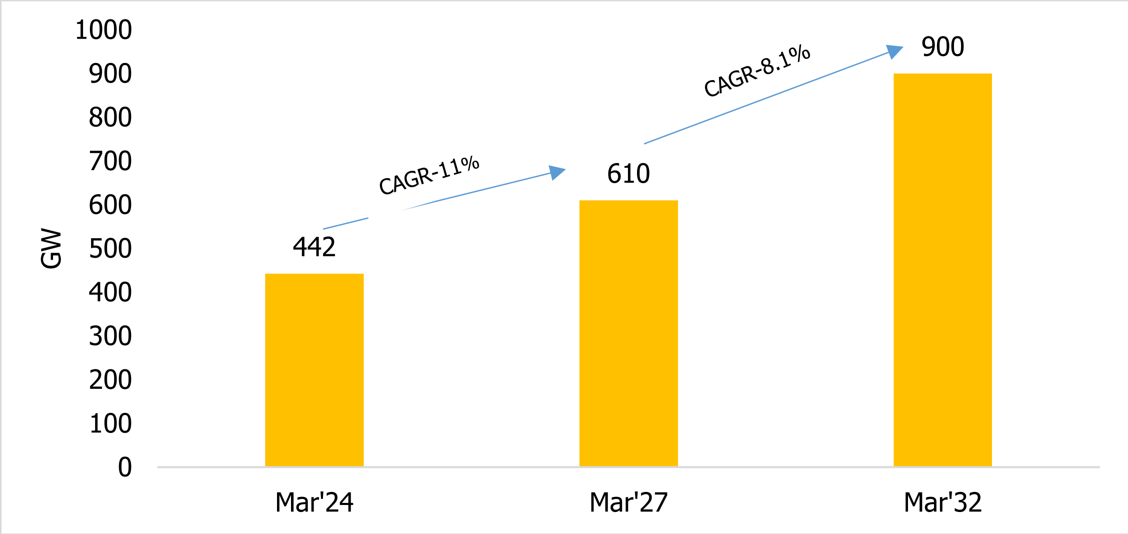
Source: IEA, CEA (For India), CareEdge Research
Data for India is as per FY-Financial Year while for others it is CY-Current Year

5.6 Outlook

The Indian power sector is witnessing a major transformation in terms of demand growth and energy mix. To ensure that everyone has access to reliable power and sufficient electricity, investments are being carried out to increase the installed capacity and clean energy transition. The government plans to establish a renewable capacity of 500 GW by 2030 and increase the share of non-fossil fuel-based installed capacity to around 50%.

As per National Electricity Plan Vol-1 released in March 2024, the installed capacity is expected to grow from 442 GW in March 2024 to around 610 GW by March 2027, growing at a CAGR of around 11%. The Battery Energy Storage System (BESS) is expected to gain traction and reach 9 GW of installed capacity. Capacity is expected to reach 900 GW by March 2032, growing at a CAGR of 8.1% from March 2027, while the BESS capacity is expected to reach 47 GW.

Chart 11: Aggregate Installed Capacity Outlook



Source: National Electricity Plan (NEP) March 2023, CareEdge Research

Table 4: Sector wise and fuel wise break up of Capacity Additions (MW)

	From FY22 to FY27			From FY27 to FY32		
	Under Construction	**Additional Capacity Requirement**	**Total Capacity**	**Under Construction**	**Additional Capacity Requirement**	**Total Capacity**
Renewable						
Hydro	10,462	0	10,462	1,032	8,700	9,732
PSP	2,700	0	2,700	80	19,160	19,240
Solar	92,580	38,990	131,570	0	17,900	17,900
Wind	25,000	7,537	32,537	0	49,000	49,000
Biomass	2,318	0	2,318	2,500	0	2,500
Small Hydro	352	0	352	250	0	250
Conventional						
Nuclear	6,300	0	6,300	2,400	4,200	6,600
Coal & Lignite	25,580	0	25,580	1,320	24,160	25,480
Total	165,292	46,527	211,819	7,582	284,220	291,802
BESS	0	8,680	8,680	0	38,564	38,564

Note:
1. As per MNRE, 117.58 MW of solar and wind capacity was planner for 31.03.22, out of which 10.87 GW has been added during 2022-23 till 31.12.22
2. Nuclear Projects of 8,700 MW are under construction of which 6,300 MW are considered to be commissioned during 2022-27 and 2,400 MW are considered to be commissioned during 2027-32. Additionally, nuclear projects totaling to 7,000 MW are in principle approval stage of which 4,200 MW capacity is likely to yield benefit during the year 2027-32.

Source: National Electricity Plan (NEP) March 2023, CareEdge Research

At the end of FY24, the conventional generation capacity accounted for 57% of the total installed capacity while renewable energy accounted for the balance 43%. By FY27, it is expected that the contribution of conventional generation will decline to 43%.

5.7 India's Renewable Potential and Global Rank in Terms of Installed Capacity

There has been a significant shift globally in the generation capacity mix due to the growing environmental concerns and climate change. India is an active participant and has taken initiatives toward sustainable development and cleaner environment, including significant additions of renewable energy generation capacity.

Further, India is among the top nations in the world leading the global renewable energy growth. In technology-specific installed capacity, India ranks 3th in onshore wind, 5th in Solar, 4th in Bioenergy, and 6th in Hydro as per the International Renewable Energy Agency (IRENA) renewable capacity statistics 2023.

Table 5: List of Top 10 Countries – Installed Capacity Statistics 2023

Ranking	Technology Specific Ranking by Installed Capacity					Ranking - Total Renewable Installed Capacity
	Onshore Wind	Offshore Wind	Solar	Bioenergy	Hydro	
1	China	China	China	China	China	China
2	USA	UK	USA	Brazil	Brazil	USA
3	Germany	Germany	Japan	USA	USA	Brazil
4	India	Netherlands	Germany	India	Canada	India
5	Spain	Denmark	India	Germany	Russia	Germany
6	Brazil	Belgium	Australia	UK	India	Japan
7	France	Vietnam	Italy	Japan	Japan	Canada
8	Canada	Chinese Taipei	Brazil	Thailand	Norway	Spain
9	UK	France	Netherlands	Sweden	Turkey	France
10	Sweden	Sweden	Korea	Italy	France	Italy

Source: IRENA Renewable Capacity Statistics 2023, CareEdge Research

The total potential of renewable power in India is estimated to be 1,491 GW as compared to installed capacity of 195 GW as on June 2024.

Table 6: India's Physical Progress cumulative up to June'24 (GW):

Sector	Cumulative up to June 2024	Potential (GW)
Wind Power	46.65	695
Solar Power	85.47	750
Small Hydro Power	5	21
Bioenergy- Biomass (Bagasse) Cogeneration	9.43	22
Bioenergy- Biomass (Non-Bagasse) (Cogeneration/ Captive Power)	0.92	
Waste to Power	0.24	3
Waste to Energy (Off-grid)	0.34	
Total	**148.05**	**1491**

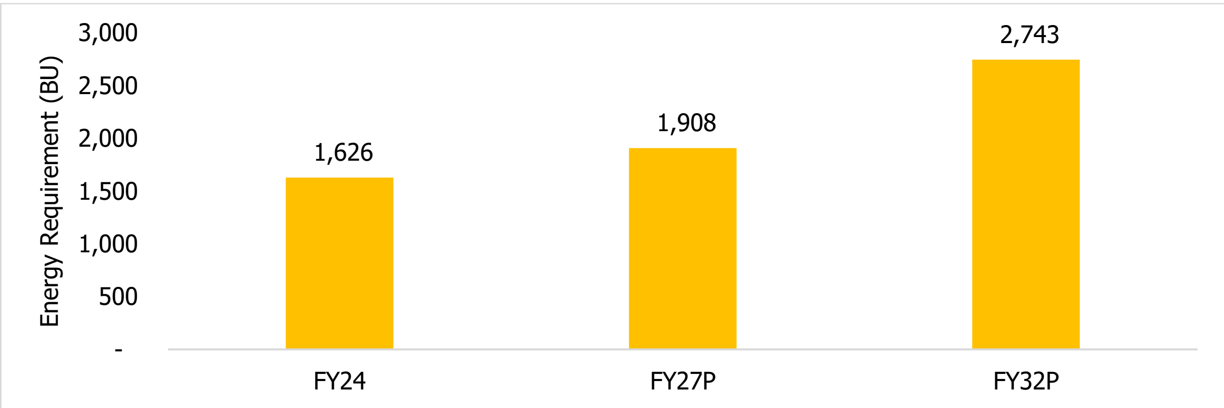
Source: MNRE, Energy Statistics India 2023, CareEdge Research

5.8 Power Peak Demand Forecast, Energy Requirement and Supply Potential

According to the National Electricity Plan Vol 1, the all India peak electricity demand is projected at 277 GW and energy requirement is projected at 1,908 BU for FY27. The power demand is further expected to rise with the growing population and increased economic activities. For FY32, the peak electricity demand is projected at 366 GW and energy requirement at 2,473 BU.

The energy requirement is expected to grow at a CAGR of 6.75% and peak demand is expected to grow at CAGR of 5.48% between FY24-FY27. For FY27 to FY32, the CAGR is at 7.53% for energy requirement and 5.7% for peak demand.

Chart 12: Projected All India Energy Requirement



* Projected
Source: National Electricity Plan (NEP) March 2023, CareEdge Research

The region that is driving the growth from FY23 to FY27 is the North-Eastern region, growing at a CAGR of 7.4% followed by the Northern region growing at 6.1%. The region that is driving growth between FY27 to FY32 is the Eastern region growing at CAGR of 5.8% followed by the Northern region.

The Anticipated Region-Wise All India Power Supply Position of the country for the year 2023-24 is given below:

Table 7: Anticipated All India Power Supply Position

	2023-24 (A)				2022-23			
	Requirement (MU)	Availability (MU)	Surplus/ (Deficit)		Requirement (MU)	Availability (MU)	Surplus/ (Deficit)	
Northern	490,767	482,130	-8,637	-1.8%	467,114	462,322	4,792	1.0%
Western	489,791	523,904	34,113	7.0%	474,458	473,870	588	0.1%
Southern	396,820	423,806	26,985	6.8%	372,240	371,664	576	0.2%
Eastern	191,985	195,605	3,620	1.9%	182,725	180,821	1,904	1.0%
North-Eastern	20,510	21,225	714	3.5%	18,763	18,686	78	0.4%
All India	1,589,873	1,646,670	56,796	3.6%	1,515,300	1,507,363	7,937	0.5%

(A)-Anticipated
Source: CEA, CareEdge Research

Table 8: All India Peak Demand and Energy Requirement

Region	Peak Demand (MW)		Energy Requirement (BU)	
	FY27	FY32	FY27	FY32
Northern	97,898	127,553	592.3	773.5
Western	89,457	114,766	596.8	763.2
Southern	80,864	107,259	460.9	596.6
Eastern	37,265	50,420	232.9	308.1
North-Eastern	4,855	6,519	24.9	32.4
All India	**277,201**	**366,393**	**1,907.8**	**2,473.8**

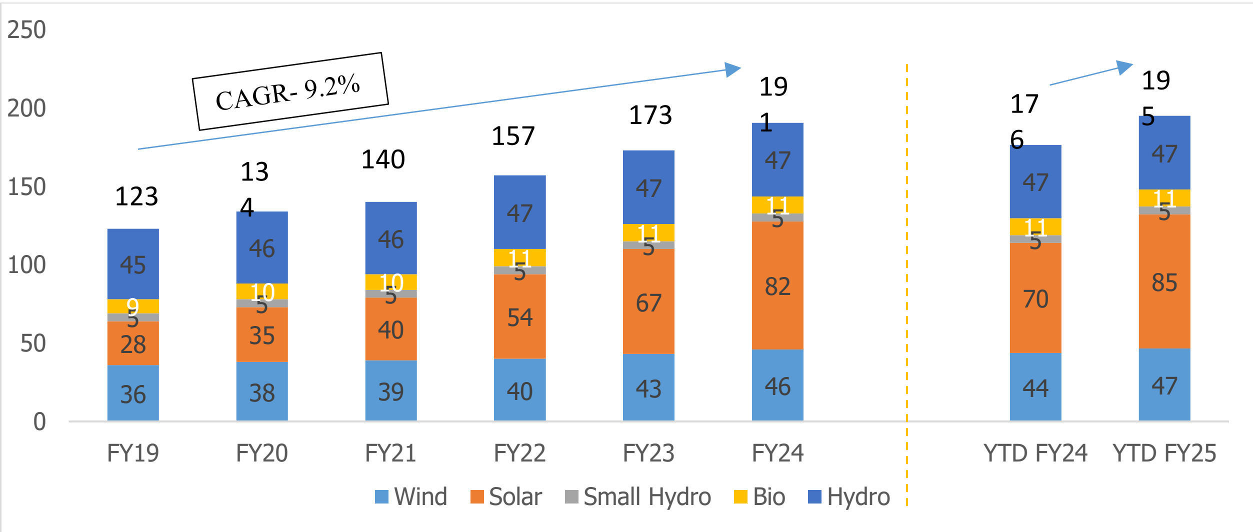
Source: CEA, CareEdge Research

5.9 Renewable Energy

There has been a significant shift globally in the generation capacity mix due to the growing concerns towards the environment and climate change. India is an active participant and has taken initiatives towards sustainable development and cleaner environment including significant additions of renewable energy generation capacity.

As per the Ministry of New and Renewable Energy, India currently ranks 4th globally in renewable energy and wind power installed capacity and 5th in solar power capacity. About 13.5 GW renewable energy capacity have been added during CY2023, corresponding to an investment of around Rs. 74,000 crores. The installed capacity of renewable energy has grown by 68 GW over FY19-FY24, implying a CAGR of around 9.2%.

Chart 13: Renewable Energy – Trend in Installed Capacity



Note: Small Hydro denotes projects up to 25 MW, Hydro Power Plants denotes projects more than 25 MW
Source: CEA, CareEdge Research
Note: YTD FY24/FY25 indicates April to June

- **Solar:**

Solar Power capacity has risen to about three times from 28 GW in FY19 to 85 GW as on June-24, supported by MNRE which accounts for 44% share of the country's total renewable energy capacity. Solar tariffs in India are now highly competitive and have reached grid parity. Along with large scale grid connected solar PV, there is development of off-grid solar projects for local needs in India.

Solar energy in India has emerged as a significant player in the grid connected power generation capacity over the years and various initiatives by the government like National Solar Mission, Solar Park Scheme, VGF Schemes, CPSU Scheme, Canal and Canal top Scheme, Grid Connected Solar Rooftop Scheme, etc. have helped solar to grow fastest among other renewable energy sources.

As per Central Electricity Authority (CEA), as on December 2023, solar projects aggregating 54.77 GW are under construction.

- **Wind:**

With a total installed capacity of 47 GW (as of June 2024), the country has the fourth largest wind installed capacity in the world. The pace of capacity additions in wind has slowed down in the past few years due to non-availability of favourable wind sites, policy structure moving away from feed-in-tariff mechanism to competitive bidding, removal of generation-based incentives (GBI) and accelerated depreciation (AD) benefits etc. These factors are expected to continue to affect future capacity additions in wind.

As per Central Electricity Authority (CEA), as on December 2023, wind projects aggregating to 19.18 GW are under construction along with another 13.19 GW of hybrid projects.

- **Hydro:**

India has the fifth-largest installed hydroelectric power capacity in the world. India's installed utility-scale hydroelectric capacity was 47 GW on June 2024, accounting for 24% of the country's total renewable energy capacity. Hydro projects aggregating to 10.9 GW are under construction and are likely to be completed between FY24 and FY27.

- **Small Hydro**

The Ministry of New and Renewable Energy (MNRE) is in charge of constructing Small Hydro Power (SHP) Projects, i.e. hydro power projects with a capacity of up to 25MW. As on June 2024, the total installed capacity is 5 GW. As per Central Electricity Authority (CEA), small hydro projects aggregating 83.15 MW are under construction as on December 2023.

- **Bioenergy:**

Power generation from bioenergy and waste to energy offers good potential in rural areas especially if they are far from the grid. The total power generating capacity is 10,948 MW as on June 2024. Gasification based (bioenergy) power projects of aggregate capacity of 227.35 MW are under construction along with waste to energy and co-generation projects.

Table 9: Physical Progress cumulative up to June '24 (GW):

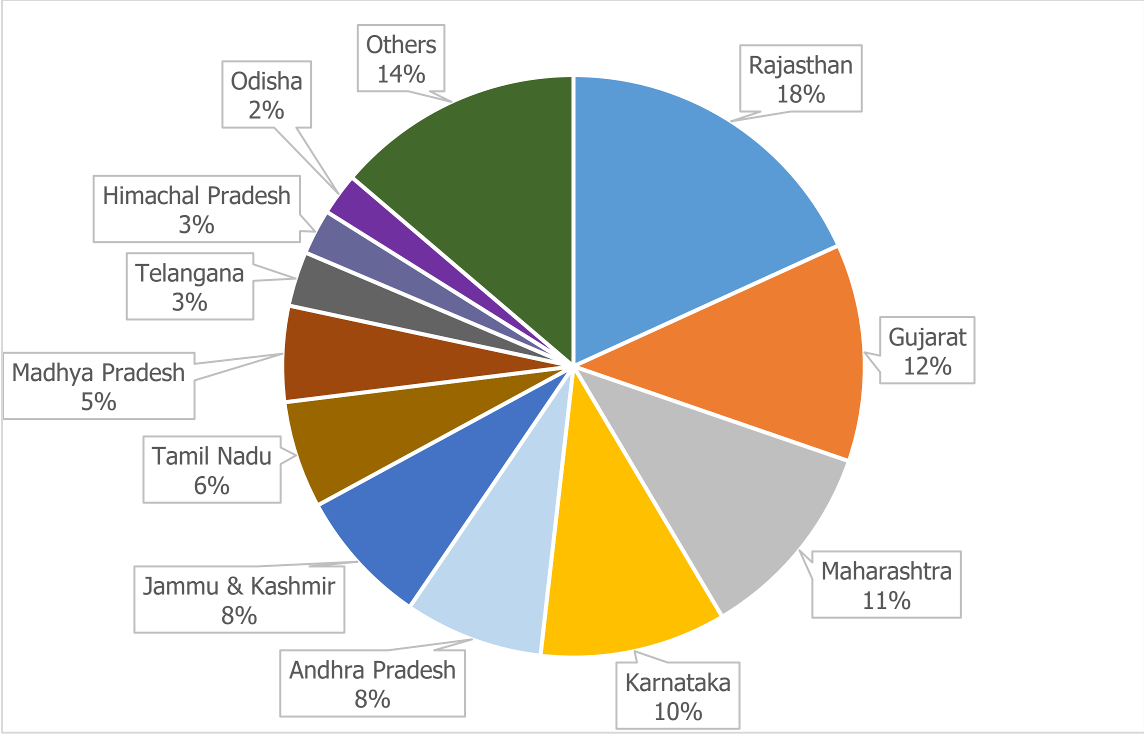
Sector	Cumulative up to June 2024	Potential (GW)
Wind Power	46.65	695
Solar Power	85.47	750
Small Hydro Power	5	21
Bioenergy- Biomass (Bagasse) Cogeneration	9.43	22
Bioenergy- Biomass (Non-Bagasse) (Cogeneration/ Captive Power)	0.92	
Waste to Power	0.24	3
Waste to Energy (Off-grid)	0.34	
Total	**148.05**	**1,491**

Source: MNRE, Energy Statistics India 2024, CareEdge Research

The MNRE has declared a quarterly plan for bids for FY24, which includes bids of around 15 GW of renewable energy in first and second quarter of FY24 and around 10 GW of renewable energy in third and fourth quarters of FY24. The targeted capacity for FY24 will be allocated among the four Renewable Energy Implementing Agency (REIA) i.e. Satluj Jal Vidyut Nigam (SJVN), Solar Energy Corporation of India Ltd. (SECI), National Thermal Power Corporation (NTPC) and National Hydro Electric Power Corporation (NHPC).

The state-wise potential of renewable energy is as below. Rajasthan, Gujarat, Maharashtra, Karnataka and Andhra Pradesh are top 5 renewable energy potential states.

Chart 14: State-wise Estimated Potential of Renewable Power in India



* Excluding Hydro power

Source: Energy Statistics India 2024, CareEdge Research

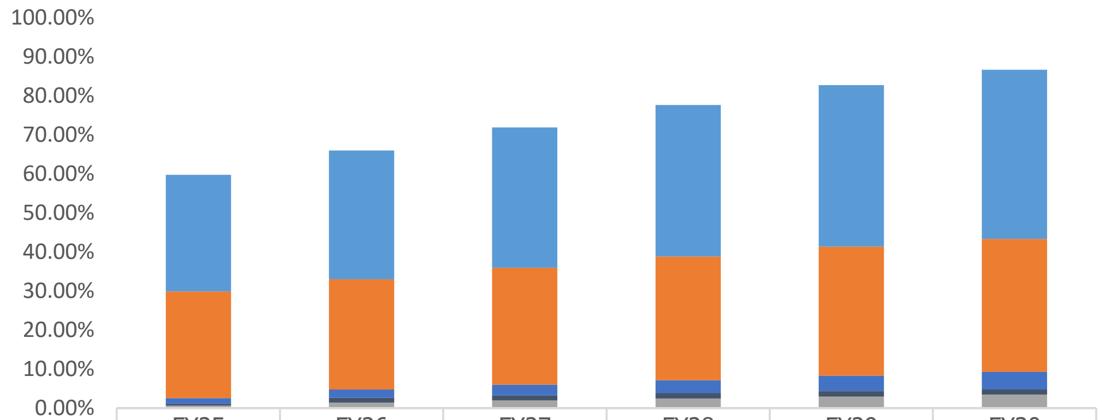
5.10 Renewable Purchase Obligation (RPO)

Under Section 86(1) (e) of the Electricity Act 2003 and the National Tariff Policy 2006, Renewable Purchase Obligation (RPO) is a mechanism wherein the obligated entities are obliged to purchase a certain percentage of electricity from renewable energy sources, as a percentage of the total consumption of electricity or buy, in lieu of that, renewable energy certificates (REC) from the market.

RPOs were earlier categorized as solar and non-solar RPOs. However, as per the latest targets, RPOs are categorized as Wind RPO, Hydro RPO, Distributed RPO, and Others. Obligated entities which include distribution companies (or DISCOMs), open access consumers and captive power producers] are obligated to purchase a minimum share of their electricity from renewable energy sources as per RPO targets.

The Ministry of Power along with MNRE has specified the latest RPO trajectory beyond FY22 on October, 2023. As per the targets set, an RPO of 43.33% is proposed to be achieved by FY30.

Chart 15: RPO Trajectory from FY25 to FY30



	FY25	FY26	FY27	FY28	FY29	FY30
Total RPO	29.90%	33.01%	35.95%	38.81%	41.37%	43.33%
Other RPO	27.35%	28.24%	29.94%	31.64%	33.10%	34.02%
Distributed RPO	1.50%	2.10%	2.70%	3.30%	3.90%	4.50%
HPO	0.38%	1.22%	1.34%	1.42%	1.42%	1.33%
Wind RPO	0.67%	1.45%	1.97%	2.45%	2.95%	3.48%

Source: National Portal for Renewable Power Obligations, MNRE, CareEdge Research

5.11 India's Renewable Energy Targets

India's installed renewable power capacity as on FY24 stood at 191 GW, as per the break-up given in following table.

Table 10: Renewable Energy Capacity as on FY24 (GW)

	Capacity
Solar	82
Wind	46
Bioenergy	11
Large Hydro	47
Small Hydro-power	5
Total	**191**

Source: CEA, CareEdge Research

As India is committed to meet 50% of its energy requirements from renewable energy by 2030, non-fossil fuel based installed capacity target of 500 GW by 2030 has been set, with highest target for solar power.

Table 11: Renewable Energy Capacity - Target for CY30 (GW)

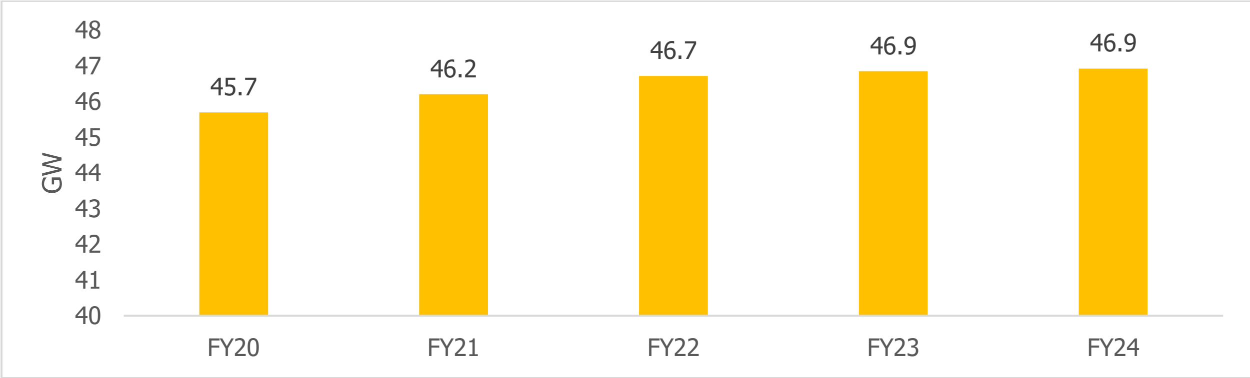
	Target
Solar	270
Wind	117
Bioenergy	15
Small Hydro-power	5
Sub-Total	**407**
Large Hydro	72
Nuclear	21
Total	**500**

Source: Thirty-Fourth Report of the Standing Committee on Energy on Demands for Grants (2023-24) (17th Lok Sabha) of the MNRE, CareEdge Research

Capacity Additions Trend

Over FY20 to FY24, only 1.2 GW of hydropower capacity has been added taking total capacity to 46.9 GW in FY24. The sector has been suffering from project delays caused by complex planning procedures, land acquisition and settlement problems, long-term financing, etc. The government has been providing support to hydro power with the help of budgetary support toward the cost of enabling infrastructure alongside significant reforms like Hydro Project Policy 2008 to encourage private sector participation.

Chart 16: Trend in Hydro Power Installations



Source: CEA, CareEdge Research

The state-wise distribution of hydropower is shown below. The states of Punjab, Karnataka, and Uttar Pradesh have the highest share of installed capacity at 8%, 8%, and 7%, respectively, followed by other states like Maharashtra, Himachal Pradesh, Madhya Pradesh, Telangana, Haryana, Jammu and Kashmir, Tamil Nadu, etc.

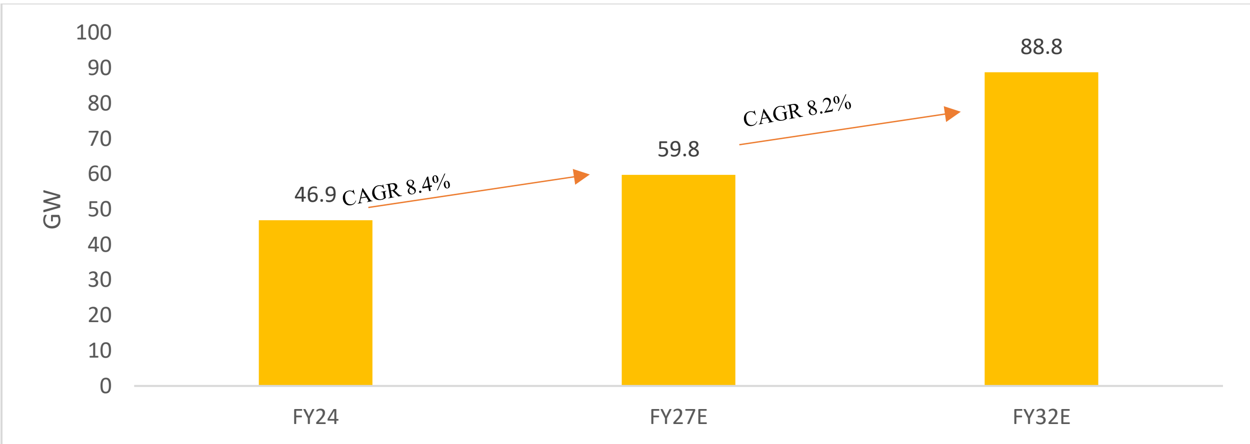
5.12 Outlook

There has been a subdued increase in the installed hydro power capacity due to various challenges like hydro power projects being site specific, lengthy process for detailed project report and environmental clearances, geological surprises, etc.

To meet the country's energy demand at a faster pace and achieve the targeted 500 GW of non-renewable energy, there needs to be an increase and shift of dependence on hydro power. As a result, the development of Mega hydro projects is essential.

Furthermore, the hydro power capacity is expected to grow at a CAGR of 8.4% from FY24 to FY27, reaching 59.8 GW while in FY32, the installed capacity is expected to reach 88.8 GW with a CAGR of 8.2% from FY27 to FY32.

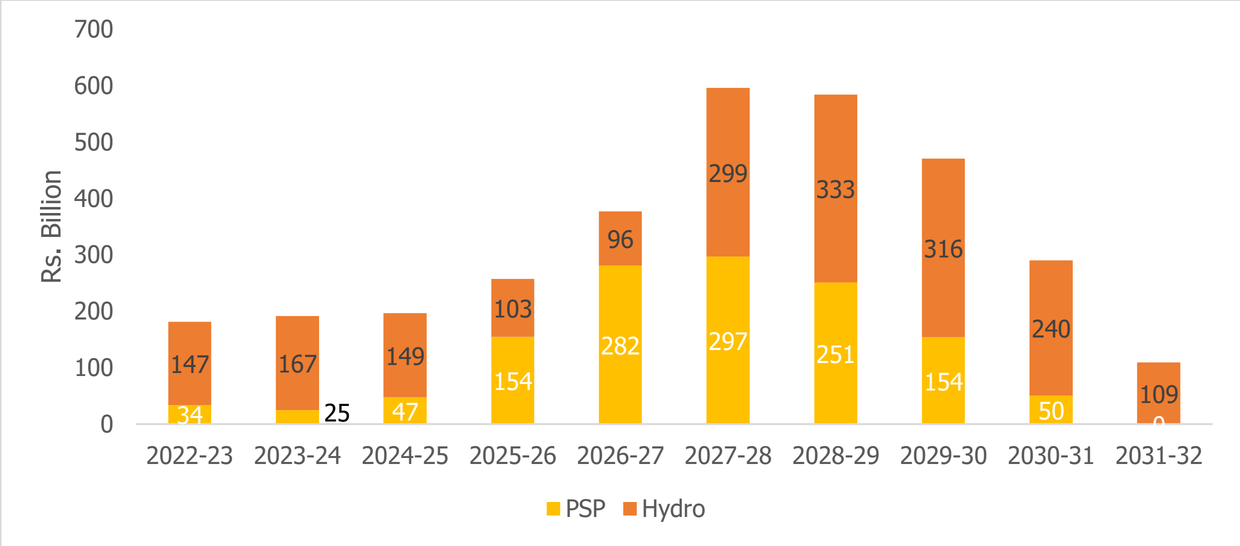
Chart 17: Hydro Power Projections (Excluding Small Hydro)



Source: National Electricity Plan Vol-1 (March 2023), CEA, CareEdge Research

The capacity addition targets translate into an investment opportunity of Rs. 542.03 billion and Rs. 661.5 billion between FY23-27 and Rs. 752.4 billion and Rs. 1,297.77 billion between FY28-32 for PSP and Hydro power, respectively. The year-wise investment opportunity for hydro power including pumped hydro storage is given below.

Chart 18: Investment opportunity in hydro power projects (including pumped hydro storage)



Source: National Electricity Plan Vol-1 (March 2023), CareEdge Research
Note: Investments pertain to capacity additions targeted up to FY32. Investments towards capacities which will be commissioned beyond FY32 are not included.

Table 12: Summary of Government Schemes with defined targets/ financial outlay

Sr. No.	Scheme/ Policy	Financial Outlay	Target
1.	Green Energy Corridor	Rs. 120.31 billion	
2.	Green Transmission	Rs. 2,440 billion	
	Solar		
3	Solar GBI	NA	91.8 MW
4.	National Solar Mission	NA	100 GW by 2022
5.	PM KUSUM	Rs. 340 billion	30.8 MW
6.	RTS Programme	Rs. 350 billion	7.6 MW
7.	Solar Parks	NA	40 GW by Mar'24
8.	Solar Cities	NA	60 solar cities
9.	CPSU Scheme	Rs. 858 million	8.2 GW
10.	PLI Scheme for Solar Module	Rs. 195 billion	NA
	Wind		
11.	Wind GBI	Rs. 12.14 billion	NA
12.	Offshore Wind Policy	Rs. 156.08 billion	37 GW by 2030
	Hydro		
	Hydro Pumped Storage	NA	47 GW by 2030
	Bioenergy		
13.	National Bioenergy Programme	Rs. 8.58 billion	NA
	Green Hydrogen		
14.	Green Hydrogen Mission	Rs. 197.4 billion	NA

Note: Timelines of the policies and proposed financial outlay are provided in the earlier

6. Water supply and Waste Water management

6.1 Overview

India is the world's second most populous country with 1.39 Billion people. Out of this, 65% of the population lives in rural areas and 35% are connected to the urban centres according to United Nations (2019). The metropolitan cities of the country are seeing major expansion as a result of economic expansions and reforms. This expansion in urban population is unsustainable without efficient planning of cities and provision of utility services especially clean and affordable water. Water allocation in cities is usually done from common pool with multiple sectoral demand.

India has a challenge of serving 18% of the world population with 4% of the world's fresh water resources. Currently, India stores less than one-tenth of the annual rainfall and is designated to be a water stressed nation. Disproportionate use of water for agricultural use, excessive ground water pumping and deficient monsoon in the last couple of years make the demand-supply balance more critical. India is facing water crisis with around 50% population experiencing high-to-extreme water shortage, as per NITI Aayog.

The average water available per capita annually depends on the region's hydro-meteorological and geological factors. The per capita water availability in the country is reducing due to increasing population. The annual per-capita water availability is less than 1,700 cubic meters and is expected to fall to 1,367 cubic meters by 2031 according to "Reassessment of Water Availability in India using Space Inputs (2019)." As per a report by Dynamic Ground Water

Resource Assessment 2022, out of 7,089 assessment units which includes blocks, talukas, mandals, watersheds, firkas in the country, 1,006 units have been categorized as 'Over-exploited'.

It is expected that by 2050, about 1,450 km^3 of water will be required out of which approx. 75% will be used in agriculture, ~7% for drinking water, ~4% in industries, ~9% for energy generation. However, because of growing urbanization, the need for drinking water will take precedence from the rural water requirements. Many of the cities are situated by the bank of rivers from where the fresh water is consumed by the population and the waste water is disposed back into the river, thus causing contamination of the water source and irrigation water. This has raised serious challenges for urban wastewater management, planning and treatment.

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

6.2 Water supply management

With increasing population of the country, the need for water and its management is ever increasing. Water availability is projected to become a major concern in the future. In addition to that, the damage to water resources done by pollution is yet another concern. Releasing industrial waste, discharge of untreated or partly treated municipal waste water through drains, discharge of industrial effluent, improper solid waste management, illegal ground water abstraction, encroachments in flood plains/ river banks, deforestation, improper water shade management and non-maintenance of e-flows and agriculture run off etc. are some of the major reasons for pollution of water bodies. The Government of India (GoI) has come up with various schemes that emphasizes on water conservation and restoration. As a result, the number of polluted river stretches has reduced from 351 in 2018 to 311 in 2022 and improvement in water quality has been observed in 180 out of 351 Polluted River Stretches (PRS) during the year 2018. As per a report by Ministry of Jal Shakti, assessment of water quality over the years discloses that in the year 2015, 70% of rivers monitored were identified as polluted, whereas in the year 2022 only 46% of rivers monitored are identified as polluted. The water requirement is only estimated to grow higher in the coming years.

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

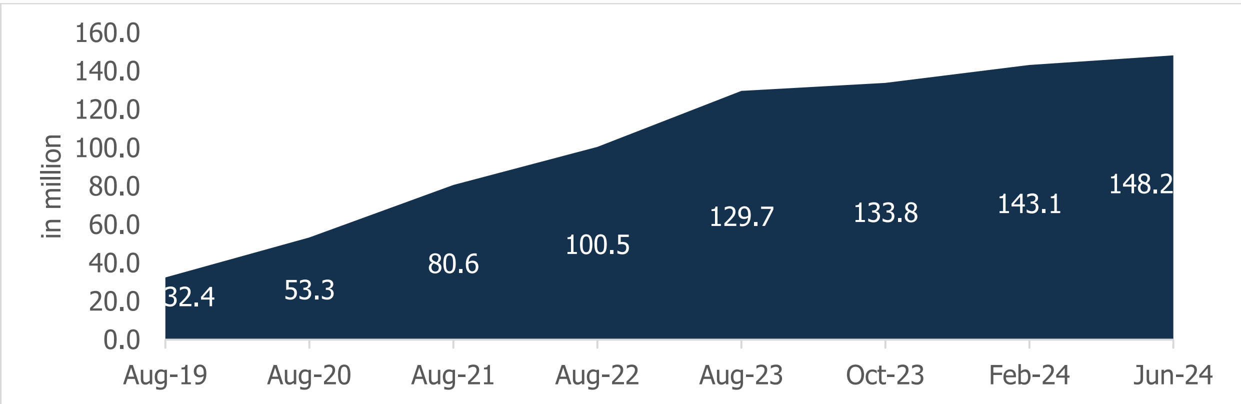
Sr No.	Uses	Scenario (2025)	Scenario (2050)
1	Irrigation	611	807
2	Domestic	62	111
3	Industries	67	81
4	Power	33	70
5	Others	70	111
	Total	**843**	**1,180**

Source: Ministry of Jal Shakti

Key performance indicators for water supply management in India:

The GoI in partnership with States is implementing Jal Jeevan Mission (JJM). At the time of the announcement on 15th august 2019 of the JJM, only 17% of the households were reported to have tap connections. However, as of May, 2024, post implementation of the JJM, 77% of the households are reported to have tap water supply in their homes.

Chart 19: Rural Households given tap water connections (cumulative)



Source – Jal Jeevan Mission, CareEdge Research

Some States and Union territories have even achieved 100% tap water connections in the rural households.

List of State / Union Territories (UTs) Rural Households with 100% tap water supply:

- Andaman & Nicobar Islands
- Dadra & Nagar Haveli and Daman & Diu
- Goa
- Gujarat
- Haryana
- Puducherry
- Telangana
- Punjab
- Himachal Pradesh
- Arunachal Pradesh

Water supply management traction:

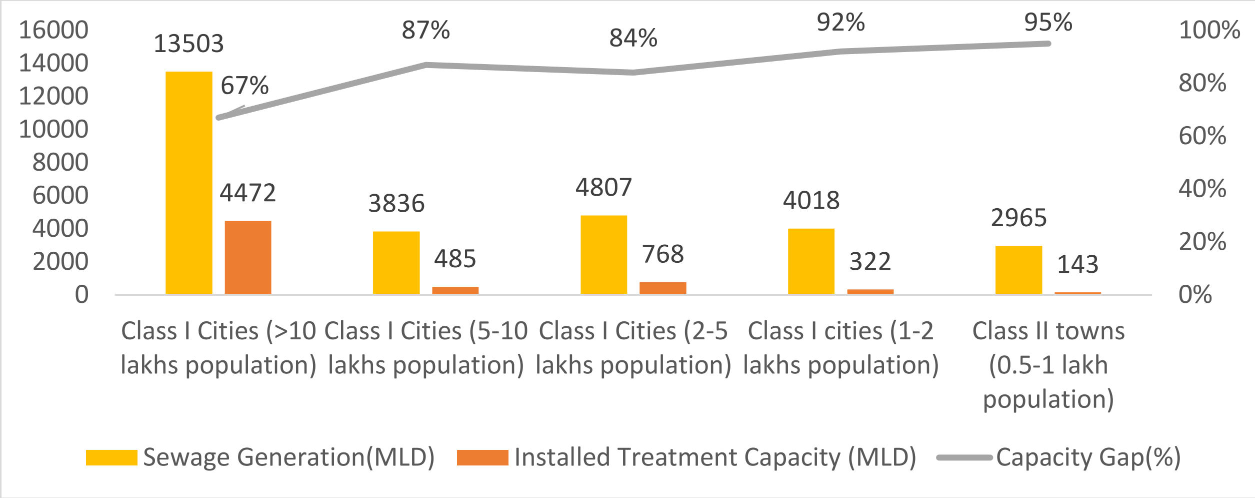
- All 0.23 Million rural households of Goa & 0.08 households of Dadra & Nagar Haveli and Daman & Diu have access to potable water through tap connection
- **As of Dec 2023, 0.93 Million (88.92%) schools and 0.97 Million (85.03%) Anganwadi Centers across India have been provided with potable tap water supply for drinking & cooking mid-day meals and hand washing.** The remaining States/ UTs are working hard to provide tap connections in schools and Anganwadi centers so that children get access to safe water
- 0.51 Million Village Water & Sanitation Committee/Paani Samitis have been formed, and 0.50 Million Village Action Plans (VAPs) have been developed for sustained drinking water supply management

Urban Waste Generation and Treatment

In India, the sewage generation in the urban region was 72,368 Million Litres per Day (MLD) for the year 2020-21, while the installed sewage treatment capacity is 31,841 MLD. The operational capacity is 26,869 MLD, which is very low than the load generation. As per a Niti Aayog report, as of August 2022, of the total sewage generation only 28% i.e. 20,236 MLD was treated which implies that 72% of the waste water is left untreated and is disposed in the various water bodies like river, lakes or underground water. Some capacity additions like 4,827 MLD sewage treatment have been proposed but a gap between the waste water generation and treatment of 35,700 MLD i.e. 49% still remains. Additionally, as per the CPCB (2021) in the city-scale assessments, the wastewater generation from Class I cities and Class II towns (as per the 2001 census) is estimated as 29,129 MLD, and under the assumption of a 30% decadal increase in urban population, it is expected to be 33,212 MLD at the current time. Against this, the existing capacity of sewage treatment is only 6,190 MLD. There is still a 79% (22,939 MLD) capacity gap between sewage generation and existing sewage treatment capacity. Another 1,742.6 MLD wastewater treatment capacity is being planned or built. Even with this added to the current capacity, there is still a sewage treatment capacity shortfall of 21,196 MLD.

Key performance indicator for the water sewage sector:

Chart 20: Sewage generation and treatment capacities (MLD)



Source- Central Pollution Control Board, 2022
Note- Performance of 115 sewage treatment plants studied by Central Pollution Control Board

6.3 Regulatory framework for water and waste water Industry in India

The management of water and waste water has been highly fragmented in India. The first ever National Water Policy (NWP) in India was set up in 1987. Currently the NWP - 2012 is in effect in India. But to address the present challenges in water sector, revision of NWP has been envisaged and a drafting committee was constituted to revise the NWP.

The Ministry of Water Resources assumes a nodal role as regards to all matters concerning India's water resources.

The Central Ground Water Board (CGWB), a subordinate office of the Ministry of Water Resources, GoI, is the National Apex Agency entrusted with the responsibilities of providing scientific inputs for management, exploration, monitoring, assessment, augmentation and regulation of ground water resources of the country. CGWB was established in 1970 by renaming the Exploratory Tube Wells Organization under the Ministry of Agriculture, GoI. It was merged with the Ground Water Wing of the Geological Survey of India during 1972.

Department of Water Resources, River Development and Ganga Rejuvenation now “Ministry of Jal Shakti”/ “Jal Shakti Mantralaya” has two departments i.e. department of Water Resources, River Development and Ganga Rejuvenation (Jal Sansadhan, Nadi Vikas Aur Ganga Sanrakshan Vibhag) and Department of Drinking Water and Sanitation (Peya Jal Aur Swachhata Vibhag).

As per Ministry of Jal Shakti’s publication, water being a State subject, steps for augmentation, conservation and efficient management of water resources are primarily undertaken by the respective State Governments. In order to supplement the efforts of the State Governments, the Central Government provides technical and financial assistance to them through various schemes and programmes.

The GoI along with the States is implementing Jal Jeevan Mission – Har Ghar Jal. This program aims at providing potable water in adequate quantity of prescribed quality on regular and long-term basis to every rural household, through tap water connection, by 2024 with an estimated outlay of Rs.3,600 Billion. The water sources inter alia include groundwater, surface water (river, reservoir, lake, pond, springs, etc.) and rain water stored in small tanks.

Atal Mission for Rejuvenation and Urban Transformation (AMRUT):

The mission of AMRUT is providing basic services (e.g. water supply, sewerage, urban transport) to households and build amenities in cities which will improve the quality of life for all, especially the poor and the disadvantaged which is a national priority.

Its mission components include:

- Decentralised, networked underground sewerage systems, including augmentation of existing sewerage systems and sewage treatment plants
- Rehabilitation of old sewerage system and treatment plants
- Recycling of water for beneficial purposes and reuse of waste water

6.4 Key growth drivers in the water supply and waste water treatment industry

Use of technologies and innovative waste water treatments play an important role in improving urban sanitation and enhancing water security. The usage of treated waste water is still an issue in India despite the known benefits of waste water treatment and information about reuse technologies.

Key drivers for water supply management:

- **Mission on making water available to all**

  The focus of the GoI in the past few years has been to make potable water available to all the households in the country. For the same reason, a number of schemes have been established by the GoI. The per capita water availability in the country is decreasing due to increasing population. As per a NITI Aayog report, India is facing water crisis with around 50% population experiencing high-to-extreme water shortage.

  The Government has introduced schemes like 'Jal Jeevan Mission' to execute the mission of providing safe and adequate water to all. Under JJM, tap connections in rural households have increased to 77%, totaling 0.15 million as of May 2024.

- **Focus on improving water availability**

  Based on the study of "Reassessment of Water Availability in India using Space Inputs" (CWC, 2019), the average annual per capita water availability for the year 2031 has been assessed as 1,367 cubic meters. The Government is coming up with measures to improve availability of water by building and maintaining natural resources of water. Below schemes have been set up by the GoI to tackle the declining availability of water:

  - Atal Bhujal Yojana (Atal Jal): Sustainable groundwater management

  - Jal Shakti Abhiyan: "Jal Shakti Abhiyan: Catch the Rain" focuses on creating Rainwater Harvesting Structures

  The thrust areas for these schemes will be rain water harvesting, rejuvenation of water bodies.

  On the other hand, the Department of Water Resources and other schemes aim to ensure maintenance and efficient use of water resources to match the continuously growing demand of water.

- **Rejuvenation of urban water bodies**

  Water bodies in urban areas such as lakes, ponds, step-wells, and baolis have traditionally served the function of meeting water requirements of various needs like washing, agriculture or religious/cultural purposes. Surface water bodies and traditional water harvesting structures in numerous cities have either dried up, or disappeared due to encroachment, dumping of garbage, and entry of untreated sewage. These water bodies can store water and recharge ground water if revived thus helping in meeting the increased requirement of water.

  Key drivers for waste water treatment:

- **Central Government policies push for waste water treatment and use**

  Under the National Sanitation Policy, waste water treatment and reuse of water to enhance alternative water supplies and conservation is promoted. Initiatives like National Lake Conservation Plan, National Wetland Conservation Program are introduced to help identify lakes and wetlands across the country for undertaking conservation, waste water treatment, pollution abatement, education and awareness creation etc.

  Central Government has also implemented National River Conservation Plan for abatement of pollution across stretches of various rivers and undertaking conservation plan, sewage systems construction, sewage treatment plant construction, electric crematoria and river front development.

  Financial assistance for treatment plants installation are also provided to small scale industries. Apart from this, the Central Government has also issued directions for zero liquid discharge implementation.

- **Development plans to clean River Ganga and improve wastewater treatment and management**

  The GoI has launched two flagship programs for cleaning River Ganga i.e., Ganga Action Plan (GAP) (1985) and Namami Gange Programme (2014). The Government has also initiated sectoral plans like like Swachh Bharat Mission, AMRUT, Smart City initiatives etc. to improve unsewered and sewer sanitation. Under these initiatives, the State Government, municipal and private sector applicants are given grants and subsidies for the construction of sewage treatment plants and water treatment plants.

- **Agricultural water reuse**

Low quality water is not conventionally used in agricultural production. The two sources of non-conventional water (NCW) are – waste water used for domestic, municipal and industrial and saline water from underground, drainage or surface sources. But many countries are using the NCW sources for agricultural uses as the fresh water sources are limited. The NCW is primarily treated and blended with other water to produce the desired quality and quantity. In India, under Ganga Action Plan - I, the objective was to improve the water quality along with diversion and treatment of domestic sewage and industrial waste. If not properly treated the low-quality irrigation water might cause severe water and soil contamination. To tackle this, India needs water treatment plants with advanced technology and increased volume across the country.

- **Industrial water reuse**

  The industrial water can be recycled and reused by processing the waste water produced. Various methods are used to perform this depending upon the quality of the waste water requirements, space constraints, and budget. Benefit of this, is reduction of fresh water cost and reduction in the water footprint. The operational and sustainability of the industries can also be improved with improved water treatment process and production capacity.

6.5 Government Initiatives for water supply and waste water management

Water supply

Jal Jeevan Mission - 'Har Ghar Jal'

JJM is a Central Government initiative undertaken by Ministry of JAL SHAKTI. It aims to ensure piped water access to every household in India. The initiative was launched on 15th August 2019 by the Prime Minister of India.

The program is implemented in partnership with States to assure tap water supply in adequate quantity, prescribed quality, adequate pressure, on a regular and long-term basis in all rural households and public institutions, which includes anganwadi, schools, ashramshalas, public/ community health centres, sub-centres, wellness centres, community centres, gram panchayat buildings, etc., by the year 2024.

Under JJM, 30% weightage was assigned for difficult terrains which inter alia include areas under Desert Development Programme (DDP) and Drought Prone Area Programme (DPAP) while allocating the fund, to prioritize the coverage in these areas. Further, provisions have been made in the operational guidelines for planning and implementation of bulk water transfer from long distances and regional water supply schemes for ensuring tap water supply in drought-prone & water-scarce areas/ areas with inadequate rainfall or dependable ground water sources. In addition, provisions have also been made for source recharging, viz. dedicated bore well recharge structures, rain water recharge, rejuvenation of existing water bodies, etc., in convergence with other schemes such as the Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA), Integrated Watershed Management Programme (IWMP), 15th Finance Commission tied grants to Rural Local Bodies (RLB)/ Panchayat Raj Institutions (PRI), State schemes, Corporate Social Responsibility funds, etc.

For villages in water-scarce areas, in order to save the precious fresh water, states are also being encouraged to plan new water supply scheme with dual piped water supply system, i.e. supply of fresh water in one and treated grey/ waste water in another pipe for non-potable/ gardening/ toilet flushing use. Moreover, the households in these areas are to be encouraged to use the faucet aerators that save a significant amount of water, in multiple taps that they may be using inside their house.

Atal Bhujal Yojana

Atal Bhujal Yojana was launched in 2019 to undertake community-led sustainable ground water management of the stressed areas identified. It was launched to strengthen institutional framework and monitoring ground water data and improve planning and implementation of the water management interventions. It is a Scheme of the GOI aided by the World Bank with an outlay of Rs.60 Billion. and is implemented to focus on community participation and sustain ground water level in identified water stressed areas during five-year duration. The schemes currently are taken up in seven states of Haryana, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh. It is the world's largest community-led ground water management program which is helping villagers understand the water availability and usage pattern in their areas.

Jal Sakti Abhiyan (JSA)

Jal Sakti Abhiyan - I was launched in the year 2019 in the stressed districts of the country to promote conservation of water, water resource management, implementing rain water harvesting, renovation of traditional water bodies, reuse of water, recharging water body structures, watershed development and afforestation. The actual expenditure from MGNREGS fund was Rs. 180.66 Billion.

JSA is expanded to 'Jal Sakti Abhiyan: Catch the Rain' to cover all the blocks of the districts across the country to focus on –

1) Rainwater harvesting & water conservation

2) Enumerating, geo tagging & making inventory of all water bodies

3) Setting up Jal Shakti Kendras

4) Afforestation

5) Generation of awareness

Water Vision@2047

'Water Vision@2047' conference was held in Bhopal on 6th January,2023 under the Ministry of Jal Sakti. In this conference different ways of increasing water availability and efficient utilization of water resources and their development was discussed. Challenges of water conservation, increasing population, climate change, rapid industrialization and urbanisation, and economic boom which will lead to increase in demand of water were discussed. It was also stated that the harvestable component of water resources is to be surpassed and planning is to be done towards 2047 to achieve the water conservation goals were discussed.

Water quality was also discussed and the vision was set to creating over 2,000 water quality testing laboratories, training 4 lakh women for using Field Testing Kits to testing water using Internet of Things based on sensor.

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

The Atal Mission for Rejuvenation and Urban Transformation was launched in June 2015 under GoI. It is the first focused national water mission and was launched in 500 cities and covers 60% of the urban population. In the Budget FY25, the allocation to AMRUT scheme has been estimated at Rs. 69 Billion while the revised estimates for FY24 is at Rs. 42 Billion

The program focuses on basic urban infrastructure in water supply system and access to potable water for every household.

Universal coverage of water supply is the priority under the Mission, under which 2.28 Million tap connections have been provided. The total plan size of all State Annual Action Plan (SAAPs) was Rs.776.40 Billion. out of which Rs.390.11 Billion i.e. 50% has been allocated to water supply.

Waste water management:

Jawaharlal Nehru National Urban Renewal Mission

This scheme was launched in December 2005 and is the largest national urban initiative to encourage reforms and fast track planned development of 63 identified cities. The focus is improving efficiencies of the urban infrastructure and services. It consists of two sub-missions - Urban Infrastructure & Governance and Basic Services to the Urban Poor. It focuses on many aspects of urbanization like redevelopment, water supply, sewage and solid waste management, urban transport including roads, high ways, metro projects, parking lots, heritage area development, prevention of soil erosion, preservation of water bodies etc.

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

The Atal Mission for Rejuvenation and Urban Transformation was launched in June 2015 under the GoI. It is the first focused national water mission and was launched in 500 cities and covered 60% of the urban population.

Under the program, 883 sewerage & septage management projects which amounts to Rs.340.81 Billion. have been taken up out of which 370 projects costing Rs.82.58 Billion. have been completed till date. In the Budget FY25, the allocation to AMRUT scheme has been estimated at Rs. 69 Billion while the revised estimates for FY24 is at Rs. 42 Billion.

Namami Gange programme

It is an integrated Conservation Mission approved as 'Flagship Programme' by the Union Government in June 2014 with budget outlay of Rs.200 Billion to accomplish the twin objectives of:

i. effective abatement of pollution

ii. conservation and rejuvenation of National River Ganga

The Programme has main objectives of Sewerage Treatment Infrastructure, River Surface Cleaning, Afforestation, Industrial Effluent Monitoring, etc. For conservation of rivers, the Ministry of Jal Sakti has been supplementing efforts with the states and Union Territories by providing financial and technical assistance for abatement of pollution under the programme. The National River Conservation Plan has so far covered polluted stretches of 34 rivers across 77 towns and sanctioned cost of Rs. 59.61 Billion. and created a sewage treatment capacity of 2,677 Million litres per day.

Under the Namami Gange programme, so far, a total of 352 projects have been sanctioned. 157 sewage treatment projects of 4.90 Billion litres per day, sewer network of 5,212 kms have been taken up with a sanctioned amount of Rs.304.58 Billion. for all projects.

Moreover, as of Dec 2023, under the Namami Gange Programme, in the Ganga basin, a total of 195 sewerage infrastructure projects have been taken up with a cost of ₹ 313.44 billion for creation & rehabilitation of 6,173.12 Million Litres per Day (MLD) of Sewage Treatment Plant (STP) capacity. At present, 109 sewerage projects have been completed resulting in already creation & rehabilitation of 2,664.05 MLD of STP capacity. National Mission for Clean Ganga (NMCG) targets to sanction a cumulative treatment capacity of 7,000 MLD by December 2026.

Swachh Bharat Mission (Urban)

Swachh Bharat Mission (SBM) (Urban) was launched by GoI with the vision of ensuring hygiene, waste management and sanitation across the country in 2019. The SBM (Urban) was implemented under the Ministry of Housing and Urban Affairs. The key focus area under this are eliminating open defecation, eradication of manual scavenging by converting insanitary toilets to sanitary, solid waste manager, behavioural change, general sanitation awareness etc.

Under Swachh Bharat Mission (Urban) 2.0 launched on October, 2021 an amount of Rs.158.83 Billion. has been allocated to states and union territories for waste water management including setup of sewage treatment plants and faecal sludge treatment plants.

6.6 Outlook

About 35% of the Indian population lives in urban centers according to census 2011 and the number is expected to go up rapidly leading to the increase of demand of fresh water. The generation of waste water is double in cities as compared to rural India because of availability of more water in urban cities due to increased living standards and the urbanization pace.

Rapid urbanization has also added pressure on the food and fresh water requirement. This is also responsible for consuming large water quantities and discharging the waste water back into the source. Due to increase of use of water for various household, industrial and agricultural purposes, waste water management and treatment is very important. As per a NITI Aayog report, as of August 2022, of the total sewage generation, only 28%, i.e., 20,236 MLD is treated. This implies that 72% of the wastewater is left untreated and disposed of in various water bodies like rivers, lakes, or underground water. Some capacity additions like 4,827 MLD sewage treatment have been proposed, but a gap between the wastewater generation and treatment of 35,700 MLD, i.e., 49% remains.

7. Transportation (Roads, Highway and Port)

7.1 Overview

Robust infrastructure is an essential sign of a developing nation. Development of roads, bridges, airports and railways is crucial for economic development of the country. Out of all modes of transport, road is the only mode which has ability of last mile connectivity. Transportation of freight as well as passengers by road is one of the most cost-effective mode. With a total 6.33 Million kilometers (kms) of road network, India ranks second in the world after USA. This road network supports movement of 60% of freight traffic in the country and 87% of the total India's passenger traffic. The Indian road network comprises of National Highways, Expressways, State Highways, Major District Roads, Other District Roads and Village Roads. To get the country in fast forward mode, development of National Highways has been key focus area, however state highways, district and rural roads continue to be large part of overall road network.

Table 13: Breakup of Road Network as stated in Dec 2023:

	Million kms	%
National Highways	0.15	2%
State Highways	0.18	3%
Other Roads	6.34	95%
Total	**6.67**	**100%**

Source: MoRTH & CareEdge Research

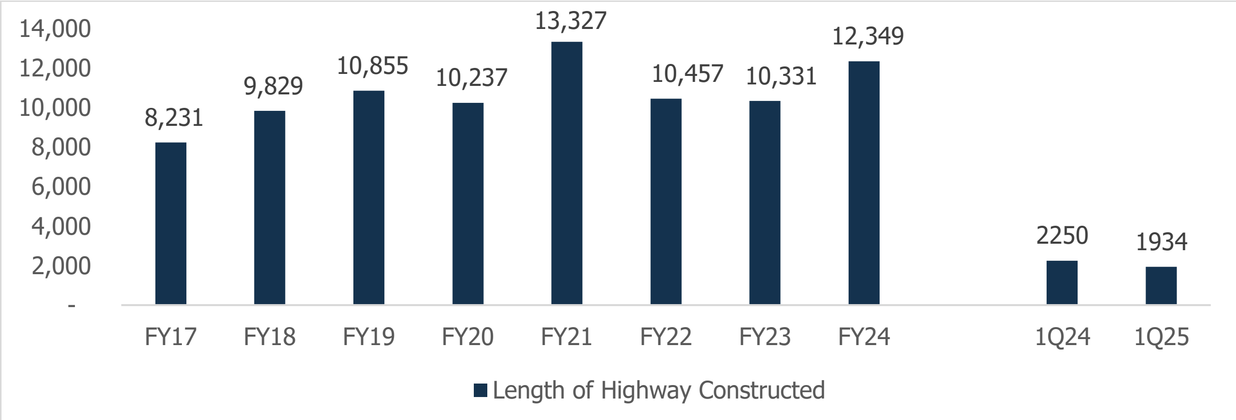
With improvement in road connectivity over the years between cities, towns and villages, transportation by way of road has gradually increased over the years. Development and maintenance of roads in India is undertaken by various agencies of both Central and State Governments. The primary agency responsible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

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

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

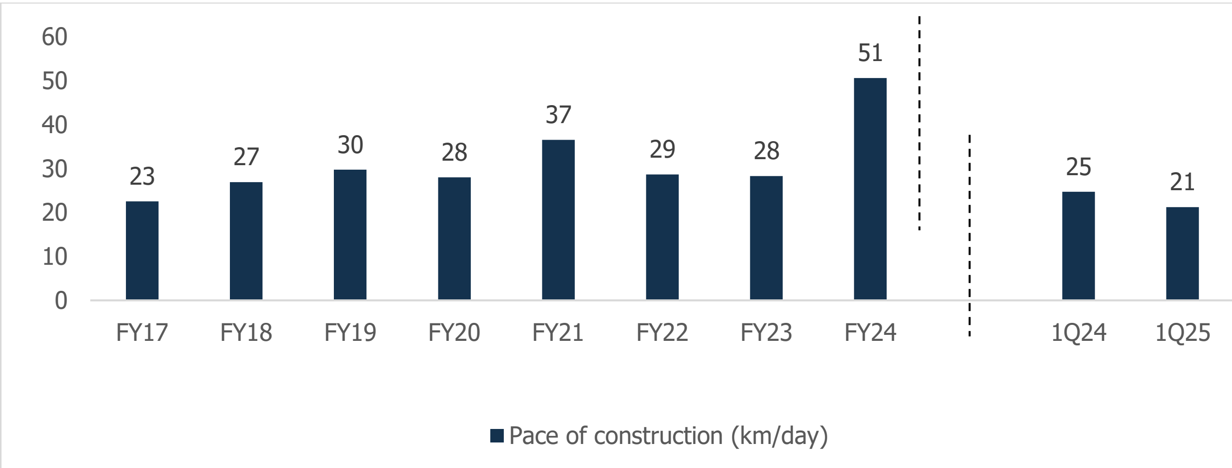
The key performance indicator for national highways:

Chart 21: Length of Highway Constructed in India



Source: MoRTH & CareEdge Research

Chart 22: Rate of Highway construction per day



Source: MoRTH & CareEdge Research

Electric Toll collection

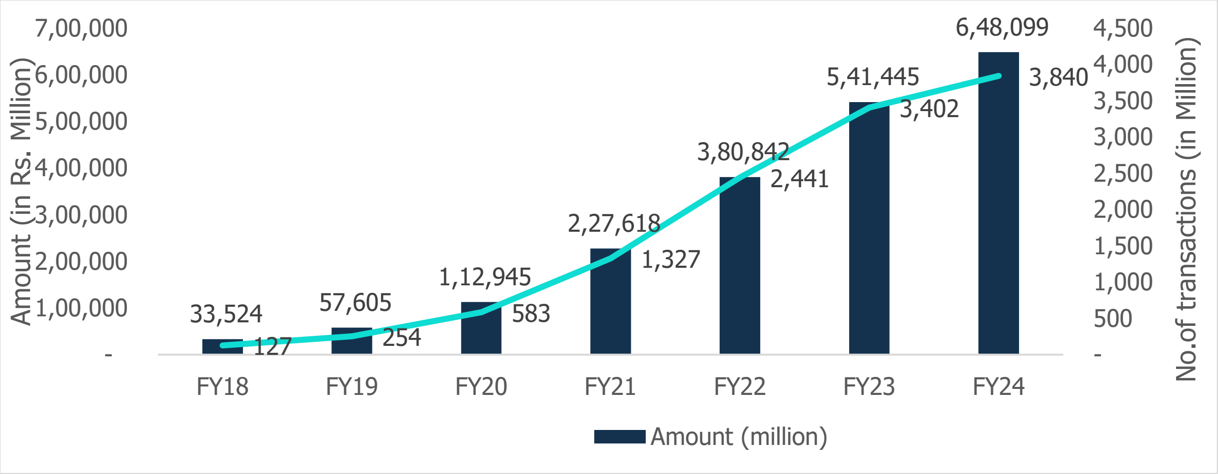
FASTag is proving an effective and time-saving mode of Toll Collection

FASTag comes as a part of the GoI's initiative to enhance digital transactions across various sectors in the country. It was first introduced in India in 2014 and was made mandatory in February 2021. It has transformed the way toll tax is collected in the country. It is a Radio Frequency Identification (RFID) technology-enabled card that allows drivers to pay their toll tax electronically at the toll booth reducing long vehicle queues and waiting times and at the same time saving time and fuel.

Electronic toll collections have soared since the introduction of FASTag. FASTag toll collection during FY24 stood at Rs. 648.09 Billion with 3840.4 Million transactions, making it the highest-ever collection. The record high transaction and toll collections come on the back of the declaration of all lanes on national highways as FASTag lanes, increased economic and transportation activities across India especially during the festive season.

The toll collection as well as transactions are witnessing sharp growth y-o-y. The constant growth and adoption of FASTag by users has helped in increasing the efficiency of toll operations as well.

Chart 23: FASTag Toll Collection continues to rise



Source: National Payments Corporation of India

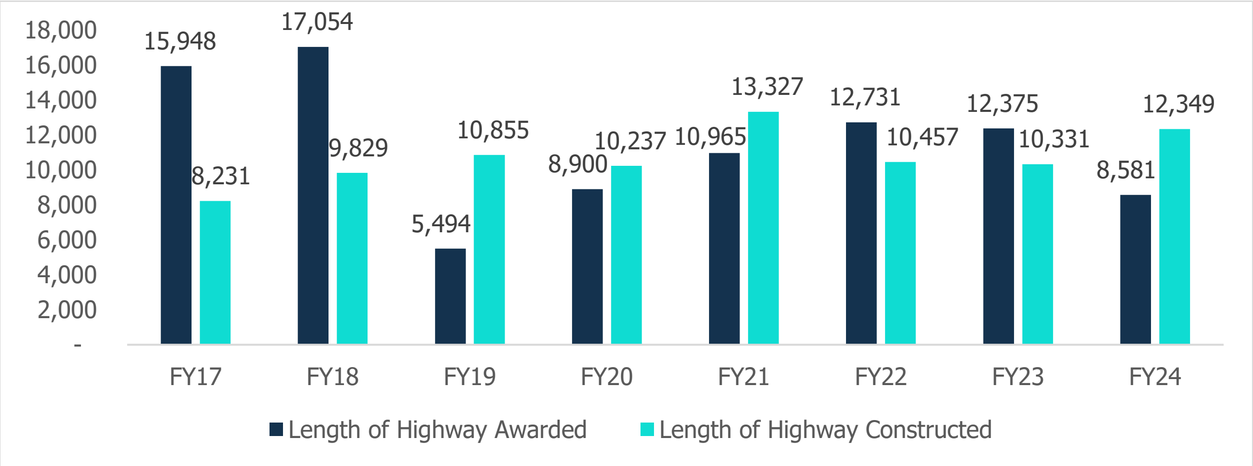
7.2 Key growth drivers of the sector

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

In FY24, the national highway projects witnessed a decline in awarding activity due to elections in May 2024. However, with an increased focus on Engineering, Procurement and Construction (EPC) and Hybrid Annual Model (HAM) models, the pace of awards of NH projects till FY24 grew at a strong pace of 9.3% CAGR over the past 5 years.

Strong execution of projects was witnessed in FY22, albeit lower than in FY21 as it was impacted by the reinforcement of lockdowns and extended monsoons. In FY23, construction activity picked up but was still lower than in FY21 on account of lower awarding activity than in FY22. However, project execution is expected to continue its momentum in FY24 on the back of various government initiatives such as Gati Shakti, Bharatmala Pariyojana, National Infrastructure Pipeline and change in the Model Concession Agreement (MCA) of the Hybrid Annual Model (HAM) of road project implementation.

Chart 24: Road Projects Awarded and Constructed



Source: MoRTH & CareEdge Research

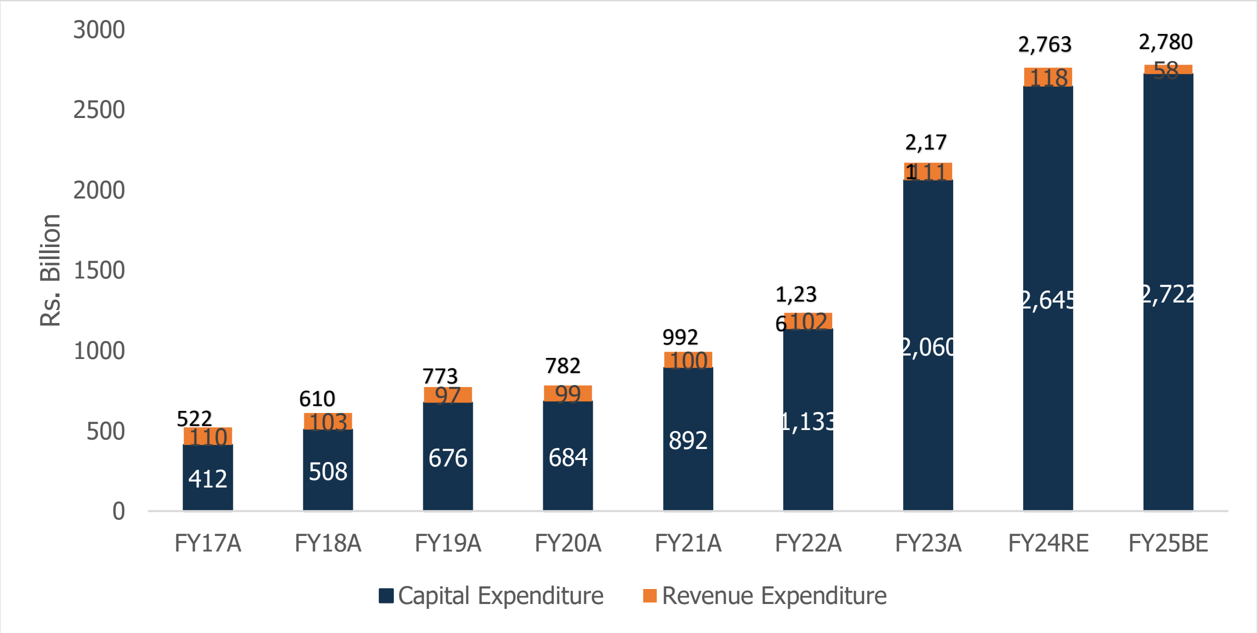
Government's Infrastructural Development Plans to Support Medium-Term Growth

Road construction is amongst the critical sub-segments for infrastructure development, economic growth, and employment creation. Besides, the government is primarily focusing on infrastructure. For instance, in the Union budget 2024-25, the government budgeted to incur higher expenditures toward road construction. Wherein, the central government made the highest ever outlay of Rs 2,780 billion (compared to the estimated expenditure of Rs 2,763 billion for 2023-24).

Overall, the Union Budget for 2024-25 emphasized infrastructure development. The budget plan aims for multi-modal logistics facilities and connectivity systems under the PM Gati Shakti. For infra push, financial assistance of Rs 1,500 billion in interest-free loans for 50 years has been allocated to states from the Centre. This augurs well for the roads sector alongside the government's plans to generate employment opportunities.

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

Chart 25: Budget Allocation for the Ministry of Road Transport and Highways



Source: Demand for Grants 2024-25, Ministry of Road Transport and Highways of India
RE – Revised Estimates
BE – Budgeted Estimates

Key budget announcements for road sector

The 2024-25 budget by the Government highlights the impetus for growth by focusing on big public investments for modern infrastructure, which shall be guided by PM Gati Shakti and benefited from the synergy of a multi-modal approach.

- The Ministry of Road and Highways gross budgetary outlay has doubled from Rs. 1.28 trillion in fiscal 2019 to 2.64 trillion in fiscal 2024. In fiscal 2025, the capex witnessed a modest 3% y-o-y growth with an allocation of Rs. 2.72 trillion which is expected to normalise the order book of road EPC companies for the coming fiscal.
- The assets monetization target has increased to Rs. 150 billion in fiscal 2025 from Rs. 100 billion in fiscal 2024.
- The budgetary outlay of Rs 1.68 trillion towards the NHAI for fiscal 2025 has remained flattish as compared to fiscal 2024.
- The NHAI aims to increase project awards by modifying the build-operate-transfer (BOT) model with fast-tracked clearance, as its share has decreased in recent years.

7.3 Government Initiatives for Development of Road Infrastructure

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

The initiatives are broadly categorized as follows:

1. Development Initiatives by Government of India

- **Bharatmala Pariyojana**

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

- **Connectivity in LWE Area**

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

- **Char Dham Pariyojana**

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

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

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

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

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

  An amount of about Rs. 309.60 Billion was earmarked during the year 2022-23, for the development of NH entrusted to State PWDs. Out of this Rs. 309.6 billion, the states have spent Rs. 182.90 Billion till 31st December 2022. An amount of about Rs.5.22 Billion was earmarked during the year 2022-23, for the development of NH entrusted to BRO. BRO has spent Rs.2.91 Billion till 31st December 2022. An amount of about Rs. 13.27 Billion was earmarked during the year 2022-23, for the maintenance of NH entrusted to State PWDs. States have spent Rs.2.91 Billion till 31st December 2022. An amount of about Rs.1.80 Billion has been earmarked during the year 2022-23, for the maintenance of NH entrusted to BRO. BRO has spent Rs. 1.20 Billion till 30th November 2022.

- **FDI Investment in Roads and Highways**

  Government has permitted 100% FDI investment in roads and highways projects by direct route. This has attracted many international institutes to invest in projects. Some of the investments are as follows:

- Australia-based Macquarie Infrastructure and Real Assets' second pan-Asian infrastructure fund, Macquarie Asia Infrastructure Fund 2 (MAIF 2), in association with Ashoka Buildcon, has bagged contract for the first bundle of nine highway stretches measuring 680 km in Andhra Pradesh and Gujarat

- Canada Pension Plan Investment Board (CPPIB) and Allianz Capital Partners (ACP) acting as anchor investors in India's first private infrastructure investment trust, namely, IndInfravit Trust, which is sponsored by L&T Infrastructure Development Projects Ltd (L&T IDPL). Under this, CPPIB's investment of Canadian $200 Million fetched it 30% of IndInfravit units with ACP and L&T IDPL accounting for 25% and 15%, respectively. The remaining units were subscribed by other institutional investors

2. Various Operational Initiatives to smoothen construction

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

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

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

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

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

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

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

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

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

3. Revival of languishing projects:

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

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

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

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

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

4. Amicable dispute resolution:

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

- 3-CGM committee
- Independent Settlement Advisory Committee (ISAC) and
- Executive Committee/Board of NHAI for Settlement of disputes

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

7.4 Key trends in Roads sector

Robust demand of automobiles: The overall domestic sales in FY24 grew by 12%. The growth has been primarily driven by the commercial vehicle and passenger vehicle segment, especially the utility vehicles sub-segment under passenger vehicles. This growth of automobiles is a major push for road development in the country.

Huge investments by Government: In the Union budget 2023-24, the Government budgeted to incur higher expenditure towards road construction (2,722 Billion). The Central Government made an outlay of Rs.1,990 Billion in 2022-23 (compared to the estimated expenditure of Rs.1,310 Billion for 2021-22).

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

7.5 Recent events in Roads and Highways sector

Purvodaya - Road Connectivity Projects

Purvodaya is aimed at the comprehensive development of the eastern region of India, including Bihar, Jharkhand, West Bengal, Odisha, and Andhra Pradesh. This initiative focuses on human resource development, infrastructure improvement, and creating economic opportunities to transform the region into a key driver for achieving a developed India. As part of this effort, the govt will support the development of road connectivity projects, including the Patna-Purnea Expressway, Buxar-Bhagalpur Expressway, spurs at Bodhgaya, Rajgir, Vaishali, and Darbhanga, and an additional 2-lane bridge over the river Ganga at Buxar, with a total cost of Rs. 260 billion.

New project for National Highways inaugurated in Maharashtra: Foundation stone for 5 National Highway projects of 212 km length at Nanded worth Rs.15.75 Billion, 3 National Highway projects worth Rs.10.58 Billion and 75 km length at Parbhani, and National Highway project worth Rs.10.37 Billion are laid at Hingoli. This project will help in improving the connectivity of the Marathwada region with Telangana and Karnataka.

NHAI to explore use of Phosphur – Gypsum in highway construction: Keeping its commitment to encourage use of waste material to build ecologically sustainable National Highway Infrastructure, NHAI along with Department of Fertilizers, Ministry of Chemicals & Fertilizers is going to take up field trials on NHAI projects for use of Phosphor-Gypsum in National Highway construction to achieve a circular economy in the use of Gypsum. The fertilizer company and CRRI have been asked to take up field trials on an NHAI project to evaluate performance of Phosphor-Gypsum on a National Highway and to generate confidence among various stakeholders on use of Phosphor-Gypsum waste material in Highway construction.

Joint projects with Japan to be undertaken for digital transformation: The Indo-Japan Joint Working Group (JWG) to function together for providing best road infrastructure for commuters and freight movement and helping India achieve its sustainable transport goals. The joint projects will be undertaken for a massive digital transformation in the areas of Intelligent Transport Systems (ITS), and eco-friendly mobility.

7.6 PPP models

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

Overview

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

Key types of PPP models in India

- **Build Operate and Transfer (BOT)**

  This is a simple and conventional PPP model where the private partner is responsible to design, build, operate (during the concession period) and transfer back the facility to the public sector. Role of the private sector partner is to bring the finance for the project and take the responsibility to construct and maintain it. In return, the public sector will allow it to collect revenue from the users by way of toll.

- **BOT (Annuity)**

  In the BOT (Annuity) mode, the private partner is responsible for building, operating and transferring the road at the end of the agreement period to the public sector. The toll collection is however undertaken by the Government agency and the payment is made on semi-annual basis to the private players.

- **Engineering, Procurement and Construction (EPC)**

  In the EPC mode, the cost is completely borne by the public sector - Government. Public sector invites bids for engineering knowledge from the private players. Procurement of raw material and construction costs are met by the public player. The private sector's participation is minimum and is limited to the provision of engineering expertise.

- **Management Contract**

  Here, the private promoter has the responsibility for a full range of investment, operation and maintenance functions. He has the authority to make daily management decisions under a profit sharing or fixed-fee arrangement. Variants include basic management for fee contract, management contract with performance incentives, management and finance contract with some rehabilitation and expansion.

- **Lease Contract**

  In this approach, the Government gives a concession to a private entity to build a facility (and possibly design it as well), own the facility, lease the facility to the public sector and then at the end of the lease period transfer the ownership of the facility to the Government. Usually, the private partner in such cases would require an assurance in terms of tariff levels, increases over term of lease and compensation and review mechanism in case the tariff levels do not meet the estimates.

- **Service contract**

  In this approach, the private promoter performs a particular operational or maintenance function for a fee over a specified period of time. In addition, there are modes such as TOT and Operate-Maintain-Transfer (OMT) for monetizing future toll earnings of completed projects.

- **Hybrid Annuity Model (HAM)**

  Due to subdued private participation in the bidding process, the Government opted for advance version of the Hybrid Annuity Model (HAM) in FY2017. It was introduced when private players were piling on debt and banks were fearing on providing additional loan as major of the projects were failing. Major BOT project had proven to be bad choice as there the main assumption for the returns was traffic, if there was no enough traffic as assumed the whole project would turn into fund trap for private players. But in case of HAM, it is a mix of BOT (Annuity) and EPC models. This model safeguards the interest of both the parties i.e., Government and private entity. During the construction period, the private entity is provided 40% grant of the bid project cost by the Government in five equal instalments depending on the physical progress of the project. The remaining 60% of the bid project cost is to be borne by private entity through debt and equity. The Government generates its revenue from the project by way of toll collection. This model has been very successful as the burden of financing of private players has reduced. In the first year of its implementation, Rs. 280 Billion of projects were awarded by the NHAI of which 50% of the projects were under HAM. HAM has not only brought back private participation but it has also safeguarded the banks as the fund disbursed to private players are backed by the Government annuity payments i.e. the traffic risk is taken care by Government itself, private players are only responsible for building the project and there is no role in road's ownership, toll collection or maintenance.

7.7 Major challenges faced by the roads sector

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

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

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

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

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

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

7.8 Outlook

Connectivity has always been the backbone of any economy as it not only reduces the overall cost of logistics but also reduces the overall cost of production. To achieve last mile connectivity, roads and highways pave the way as they are cost effective way of connectivity. Over the years budgetary allocation has been increased from Rs.522 Billion in FY17 to Rs. 2,722 Billion in FY25 proving the Government's high focus on infrastructure sector. India has second largest road network in world with 6.67 Million kilometers of roads and highways of which 5% falls under Highways. For better connectivity and faster movement of goods, Government is expanding 2 lane highways to 4 lanes and 4 lanes to 6 lanes. Government has also identified border areas for better connectivity and have launched various projects. This sector has higher opportunities as the connectivity of ports and other key locations such as consumption centres, metros, Tier-2 cities and strategic importance is still under developed.

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

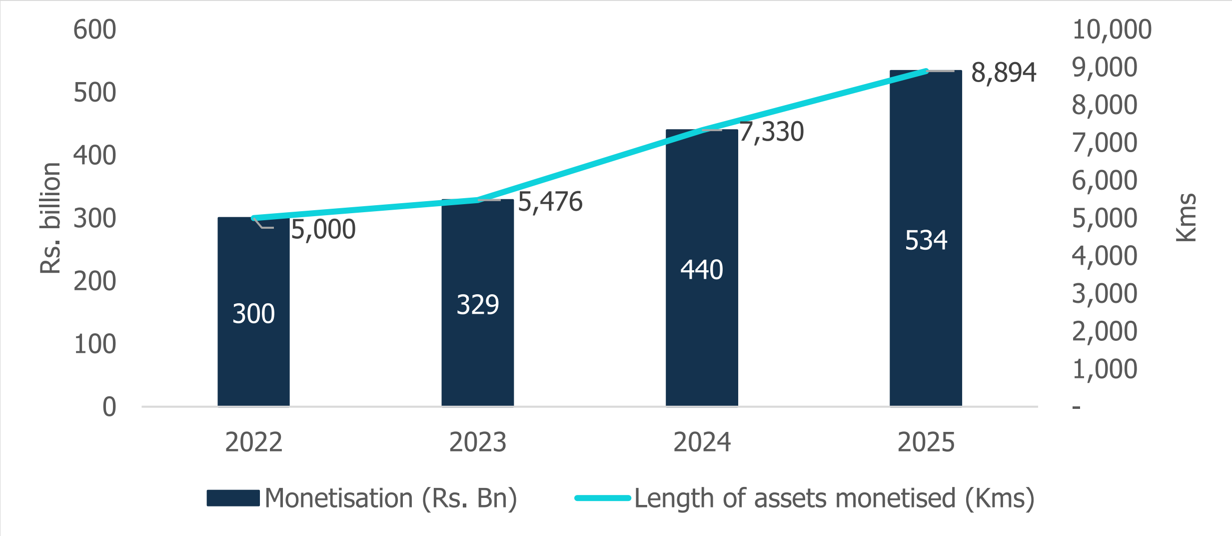
Further to set a clear view of development, Government has set up National Infrastructure Pipeline. Under the National Infrastructure Pipeline (NIP), 18% of the Rs.111 Trillion investment targeted over FY20-FY25 is expected to be made in the roads sector. Majority of it is targeted towards improving road length and safety features. A total of 1815 national highway projects spanning 87,612 kms and 5 expressway projects spanning 2,142 kms have been identified under the pipeline with a capital expenditure of Rs. 13,800 Billion over the fiscals 2020 to 2025. Delhi-Mumbai expressway and Chennai-Bengaluru Expressway have been identified as the marquee projects.

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

National Monetization Plan

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

Chart 26: Phasing Under NMP (For 2022-2025)



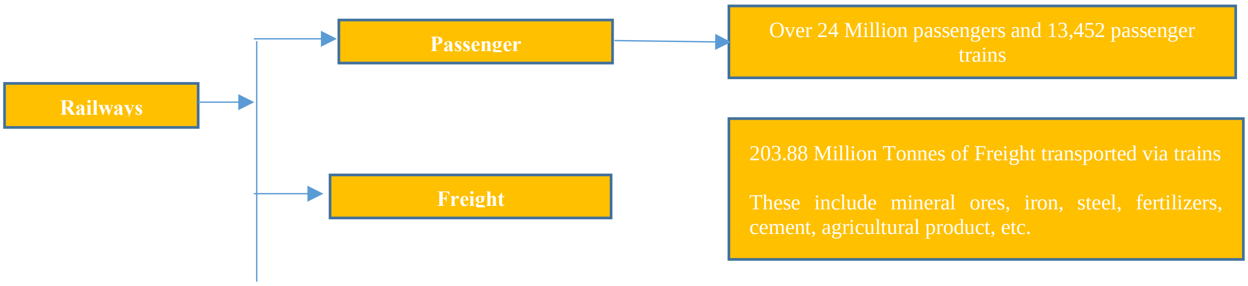
Source: National Monetization Pipeline, Volume II, Niti Aayog

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

7.9 Railways

The Indian Railways is the largest rail network in the World and is a regulated body under GoI and is the backbone of the Indian economy. It is also the fourth largest national railway system in the world. It consists of a total track length of over 0.12 Million km with over 0.07 Million km route consisting of more than 7,000 stations. Indian railways run about 9,000 freight trains and 13,523 passenger trains carrying a total passenger count of over 24 Million passengers and more than 203 Million tonnes of freight. It is also the largest employer in India and contributes to about 1.5% of the GDP as it supports about 45% share of the modal freight of India. It is the driver of India's economic growth and is considered safe, viable and environment friendly mode of transport in India. The Railways operations can be divided into passenger and Freight segments. The Government has estimated an allocation of Rs.2.65 Trillion to Railways in Budget FY25.

Owning to customer centric approach and business development units backed by strong policies, the Railways achieved 1,400 Million Tonne (Mn Tonnes) Freight loading mark for the first time in FY22. Moreover, in FY24 freight loading increased to 1,588 million metric tons, representing 5.3% growth from previous year.

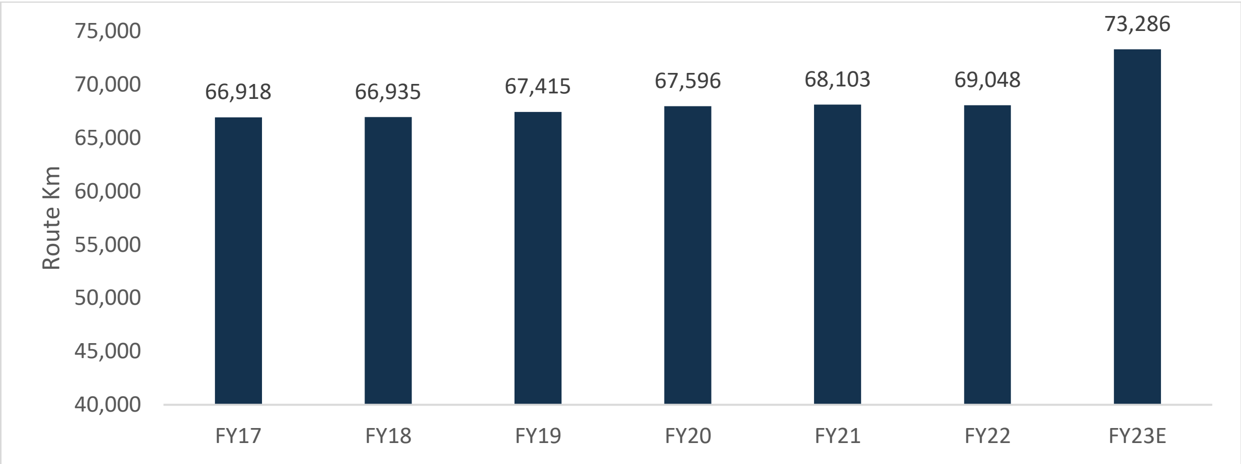


The reasons for the same are improvement in passenger earnings which happened by introduction of new trains and special trains or premium special trains etc. by increase in freight earnings like rationalizing merry-go-round policy, reducing distance in mini rakes etc., by leasing of parcel space to private parties and by liberalization of parcel policy.

Apart from this, Indian railways is also considering to explore areas like changing coaches' compositions, having additional streams by monetizing traffic on digital booking on IRCTC.

Further, the Indian railway sector has witnessed multiple developments in the last decade such as the introduction of high-speed trains and the modernization of railway stations. In addition, India Railways has set out massive network expansion and decongestion targets. It plans to undertake 17,000 track km of new lines, doubling and gauge conversion work by 2024, out of which, 5,243 km was achieved during FY23 as compared to 2,909 km during FY22. It also plans to become a net zero carbon emitter by 2030 as part of the country's strategy to combat climate change. It plans to source 1,000 MW of solar power and 200 MW of wind power across zonal railway and production units.

Chart 27: Indian Railway Route Length



Source: Indian Rail Yearbook

Further, as on April 2023, across Indian Railways, 459 Railway projects (189 New Line, 39 Gauge Conversion and 231 Doubling) of total length 46,360 Km, costing approx. Rs 7,180 billion are in different stages of planning/sanction/execution.

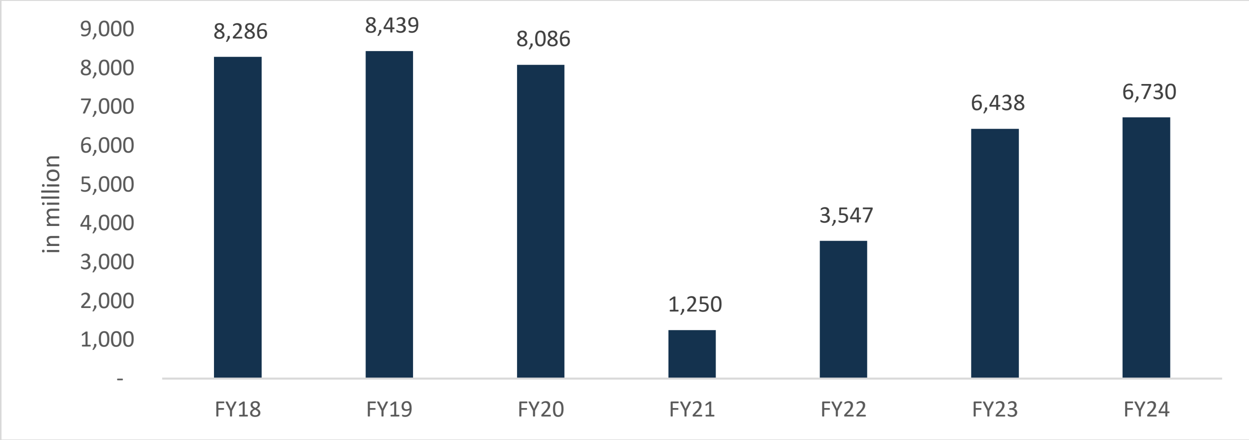
Passenger Earnings

Train travel is the preferred means of transport for long-distance travel for majority of Indians. Passenger traffic is broadly divided into two categories i.e. suburban and non-suburban traffic. Suburban trains usually cover small distances like 150 km and carries the passenger within the cities whereas non-suburban trains cover larger distances and covers inter cities or states. Majority of the revenue i.e. 94% comes from non-suburban trains. In FY22, there was a 61% growth in passenger revenue y-o-y, according to the provisional reports, and it was majorly because of low base effect due to the lockdown in COVID - 19 pandemic.

The year 2020-21 ended with an excess of earning over expenditure to the tune of Rs.25.47 Billion. In FY24 the passenger traffic is at 6730 million. The increase in the demand for passenger trains is supported by the return of normalcy after the blow of pandemic, urbanization, improving income standards, etc.

7.10 Key performance indicators for the railways sector:

Chart 28: Passenger Traffic

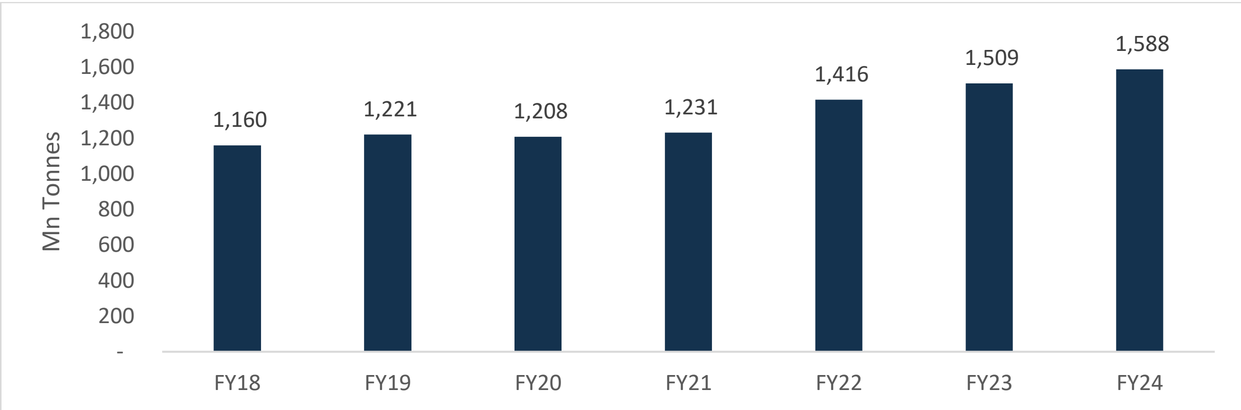


Source: Indian Rail Yearbook; PIB
Source- Ministry of Railways, CareEdge Research
Note- P: Provisional

Freight Traffic

The freight traffic in India mainly consists of 9 commodities - coal, steel, iron ore, food grains, petroleum products, amongst others. It is a key revenue generator in the railway segment and accounts for about 65-70%of the total revenue in FY24. The freight traffic has registered a growth of 5.2% in FY24 compared to FY23.. The growth is led by incremental loading of coal, cement and clinker. The Government is also heavily investing in rail infrastructure to improve freight transport. Due to favorable policy measures and increasing private participation increase in freight traffic is expected in medium to long term.

Chart 29: Freight Traffic



Source- Ministry of Railways, CareEdge Research
Note- P: Provisional

7.11 Capacity Expansion Plans and Investments in Railway sector

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

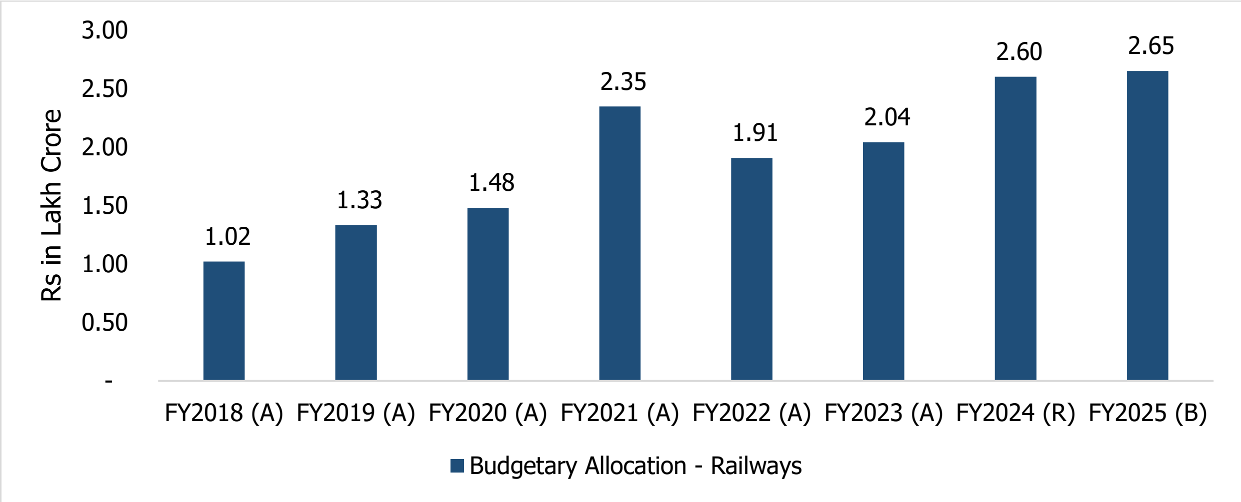
According to the Economic Survey 2023-24, Indian Railways, with over 68,584 route kilometers (as of 31st March 2024) and 1.25 million employees (as of 1st April 2024), is the fourth largest network in the world under single management. The survey states that the capital expenditure on Railways has increased by 77 percent over the past five years, reaching Rs. 2,620 billion in FY24, with significant investments in the construction of new lines, gauge conversion, and doubling.Indian Railways is also targeting for 100% electrification of its network by December 2023. In addition to the above, projects connecting difficult terrain such as Rishikesh - Karnaprayag line is also laid down to connect all capitals of north east states. Further, a number of infrastructure development initiatives are taken under the National Rail Plan (NRP) prepared by Indian Railways.

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

Budgetary support

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

Chart 30: Budgetary Outlay towards Indian Railway



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

In the Union Budget 2024-25, the government has allocated Rs 2,650 billion towards railways which is the highest ever allocation. The allocation towards rolling stock has more than doubled Y-o-Y to Rs 41,0.86 billion in the union budget 2024-25 from Rs 19,0.35 billion (revised budget) in 2022-23.

Table 14: Budgetary Outlay toward Railway Projects

Railway Projects	FY18 (A)	FY19 (A)	FY20 (A)	FY21 (A)	FY22 (A)	FY23 (A)	FY24 (R)	FY25 (B)
Doubling	1,290	610	678	379	3,000	25,620	35,046	29,312
New Lines (Construction)	8,952	5,648	9,871	1,058	16,246	24,377	34,410	34,602
Track Renewals	8,884	9,690	9,387	0	10,695	16,326	16,826	17,651
Gauge Conversion	2,555	2,590	3,313	117	1,803	2,582	4,279	4,719
Rolling Stock	1,514	4,572	3,963	839	6,815	19,035	40,396	40,313
Passenger Amenities	1,287	1,586	1,903	1,788	2,800	2,159	9,618	15,510
Road Safety Works	4,167	4,733	4,874	17	6,400	6,397	8,849	12,294
Signalling and Telecom	1,257	1,538	1,623	6	2,448	2,456	3,581	4647
Leased assets - Payment of Capital Component	7,980	9,112	10,462	11,948	19,459	17,456	21,300	24,270
Manufacturing Misc.	29,403	34,281	39,854	31,103	40,097	41,718	52,923	59,298

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

7.12 Government regulations and initiatives

PM- Gati Shakti

PM Gati-Shakti is a national master plan for multi-modal connectivity across the country. It is a digital platform to bring 16 ministries including railways, roadways together with an integrated plan to coordinate the implementation of infrastructure connectivity projects.

Under PM-Gati shakti, the concept of 'One Station- One product' is to be popularized to help the local businesses and supply chain. About 2,000 km of network will be brought under Kavach as a part of Atmanirbhar Bharat. Kavach is an indigenous world-class technology for safety and capacity augmentation in 2022-23.

Under this scheme, a total of 400 new-generation Vande Bharat Trains with greater energy efficiencies and passenger experience are to be developed and manufactured and 100 cargo terminals for multimodal facilities are to be setup in the next three years as stated by the Finance Minister in February 2022.

National Rail Plan

Indian Railways prepared a National Rail Plan for India-2030. This plan is to make railway system future ready by 2030. The plan will be aimed to formulate strategies based on operational capacities and commercial policy initiatives to improve the modal share of the railways to 45% in freight.

As per the National Rail Plan, the freight ecosystem is expected to grow from the present level of 4,700 Million Tonnes to 8,200 Million Tonnes by 2030. Currently, railway capacity is barely able to carry 1,220 Million Tonnes which is around 26-27% of the modal share. The Plan provides a pipeline of projects, which on completion will increase railway capacity to capture 45% of freight traffic. Since the railways is already having a large number of sanctioned projects that need to be completed before taking up new projects, it has been planned to increase railway capacity in two surges. The first surge is to be provided by the Vision 2024 plan to prioritize and complete sanctioned projects so that railway capacity does not fall far behind the targeted modal share, such that by the time capacity is finally created, the traffic would have shifted to another mode. To prevent further diversion from modal share, railway capacity enhancing projects have been categorized as Super Critical and Critical. These projects are focused at increasing capacity on routes that serve major mineral, industrial hubs along with ports and major consumption centers.

Dedicated Freight Corridor (DFC)

Dedicated Freight Corridor Corp. of India Ltd. (DFCCIL) is building two freight corridors namely Eastern Freight Corridor from Ludhiana to Dankuni (1,856 km), and Western Freight Corridor from Dadri to Jawaharlal Nehru Port (1,504 km), at a total cost of Rs. 810 Billion. DFCCIL is a special purpose vehicle for implementing the DFC project under the administrative control of Ministry of Railways.

Total length of the DFC is 28,243 kms and the total estimated cost is US$ 11.66 Billion as on September 2019. The financial progress stands at 63.6% and physical progress stands 67.5%. The eastern wing of the DFC is funded by the World Bank and western wing is being financed by the Japanese International Cooperation Agency. The Japanese International Cooperation Agency has granted Rs. 85.53 Billion (US$ 1,167.68 Million) for phase 1 of the DFC. The World Bank granted loan of US$ 1,100 Million for EDFC-2 and sanctioned loan of US$ 650 Million for EDFC-3 in October, 2016.

Currently, new links New DDU to New Sonnapur (137 Km) section, New Rooma to New Sujatpur section (130 km) and New Kanpur to New Bhimsen (28.18km) have been sanctioned in the calender year of 2022.

Key features of the DFCs include double speeds, higher load carrying capacity, and double stacking capability.

Table 15: Railway Infrastructure – Key Segments

Design Feature	Indian Railway	DFC
Height	4.265m	5.1m/7.1 m
Width	3,200 mm	3,600 mm
Train Length	700 m	700m/1500m
Train Load	5,400 tonnes	12,000 tonnes
Axel Load	22.9 tonnes	25 tonnes track structure; Bridges and formation designed for 32.5 tonnes
Average Speed	25 kmph	>65 kmph
Traction	Electrical (25 Kv)	Electrical (2*25kv)
Signalling	Absolute/automatic with 1 Km spacing	Automatic with 2 Km spacing in automatic territory

Source: Dedicated Freight Corridor Corporation of India

7.13 Regulatory Framework for Railways

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

The Mission of Indian Railways is

- Protect and safeguard railway passengers, passenger area and railway property.
- Ensure the safety, security and boost the confidence of the traveling public in the Indian Railways.

The Objectives are:

- Carry on an unrelenting fight against criminals in protecting railway passengers, passenger area and railway property.
- Facilitate passenger-travel and security by removing all anti-social elements from trains, railway premises and passenger area.

- Remain vigilant to prevent trafficking in women and children and take appropriate action to rehabilitate destitute children found in Railway areas.
- Co-operate with other departments of the Railways in improving the efficiency and image of the Indian Railways.
- Act as a bridge between the Government Railway Police/local police and the Railway administration.
- Adopt proactively all modern technology, best human rights practices, management techniques and special measures for protection of female and elderly passengers and children, in the pursuit of these objectives.

7.14 Recent events in Railways sector

Indian railways plan to run 35 hydrogen trains under 'Hydrogen for Heritage'

Indian Railways has envisaged to run 35 Hydrogen trains under "Hydrogen for Heritage" at an estimated cost of Rs.0.8 Billion per train and ground infrastructure of Rs.0.7 Billion per route on various heritage/hill routes.

Additionally, the Railways has also awarded a pilot project for retro fitment of Hydrogen Fuel cell on existing Diesel Electric Multiple Unit (DEMU) rake along with ground infrastructure at the cost of Rs.1.12 Billion which is planned to be run on Jind –Sonipat section of Northern Railway. The first field trials of the first prototype on Jind –Sonipat section of Northern Railway are expected to commence in 2023-2024.

The use of Hydrogen as fuel will provide greater benefits in the green transportation technology space and support zero carbon emission goals.

Indian Railways and India Posts launch 'Rail Post Gati Shakti Express Cargo Service'

This is an initiative of partnership between Indian Railways and India Posts to provide seamless logistics for the services sector in the country which follows the Budget Announcement of FY 2022-23 and it has been started in February 2023, on the four sectors - Delhi to Kolkata, Bangalore to Guwahati, Surat to Muzaffarpur and Hyderabad to Hazrat Nizamuddin. However, a total of 15 sectors have been planned to be covered in the first phase.

The highlights of this service are total logistic Service: Pick-up and delivery at customer premises, palletization - transportation through covered and sealed boxes, semi-mechanized handling, time tabled service, insurance at 0.05% of the declared value of the cargo for loss, damage and deterioration, Integrated Parcel Way Bill.

7.15 Key trends in Railways sector

Improving passenger experience: Increasing urbanization along with rising income is driving demand for passenger travel. To provide improved experience to the passengers, the Railways are trying to introduce new features and trains with better services.

Net zero carbon emission: Indian Railways has planned to gradually reduce its carbon footprint and become Net Zero Carbon Emitter by 2030. It will attempt to reduce its carbon footprint primarily through sourcing of its energy requirements from renewable energy sources. By the year 2029-30, expected requirement of installation of renewable capacity would be about 30 GW. Indian Railways has installed 142 MW solar rooftop capacity and 103.4 MW of Wind energy till August, 2022.

Electrification: Indian Railways has embarked upon an ambitious plan of electrification of its complete Broad-Gauge network which would not only result in a better fuel energy usage resulting in increased throughput, reduced fuel expenditure but also savings in precious foreign exchange.

7.16 PPP in Railways

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

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

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

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

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

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

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

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

7.17 Key growth drivers

Railways:

Rising passenger travel: The vast network of Railways is used by Millions of Indians to travel, whether local or leisurely. Railways are well connected to travel for pilgrimage, business or vacations. The total number of passengers who travelled during FY 2023-24 stands at 6.48 billion, an increase of 0.52 billion compared to the same period last year. Last year, the total number of passengers who travelled was 5.96 billion

Push to Freight business: Indian railways play a major role in freight movement in the country. The railways are well-connected and offer competitive pricing. According to a report by the Ministry of Railways, following the Mantra, "Hungry For Cargo", Indian Railways has made continuous efforts to improve the ease of doing business as well as improve the service delivery at competitive prices which has resulted in new traffic coming to railways from both conventional and non-conventional commodity streams. In FY 2024, freight loading reached 1,588 MT, compared to 1509 MT in the same period last year, marking an increase of 79 MT.

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

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

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

7.18 Major challenges

Changes in raw material prices: The rising cost of steel and cement, two major raw materials that are consumed in railways and the metro industry saw a sharp rise during the second half of FY21. Any variation in the prices of raw materials during the construction period of the project has a direct impact on the total cost of the project. The average domestic steel prices surged 26% y-o-y in FY21. In FY22 as well, the average price of domestic steel and cement increased by 45% and 8% respectively. Here, increased international steel prices led to significantly higher export volumes, which in turn led to an increase in domestic steel prices. Whereas, the rise in cement prices was primarily on account of rising input and fuel costs pressure due to geopolitical tensions. The volatile commodity prices are expected to impact the margins of construction players.

Land acquisition issues: Cities are densely populated and to plant a new railway or metro line, a large chunk of land is to be acquired. This land may belong to slums, construction companies or even business owners. Land acquisition gives rise to major resettlement and rehabilitation issues, especially in the metro cities. The issues related to land can go up to years and lead to project delays. A detailed survey is done by the agencies to determine the people affected in that area due to the upcoming project. Additionally, the rehabilitation cost may also add up to the project cost for the railway/metro project.

Operational inefficiencies: The railway and metro projects are large-scale operations. These projects require a lot of approvals from different authorities. Lack of clarity, delays in submission, and incorrect or inefficient data can lead to delays in the project.

Inaccurate Data: Data collection and analysis related to traffic forecast, demand forecast, and expected ridership plays a very crucial role in finalizing a project. Incorrect data for a project can lead to huge losses and enormous loss of resources and time. Over estimation of projects can lead to over sizing of the asset whereas, under sizing of the infrastructure resources.

7.19 Ports

Overview

Ports are large gateways which act as an interface between ocean and land transport. Ports are considered to be providers of solutions to all types of cargoes. The global trend is currently moving towards the development of specialized ports such as container terminals and liquefied natural gas (LNG) terminals which require high capital costs and intensive deployment of equipment handling the cargo.

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

Port traffic at 12 major ports showed varied performance in FY24 due to several factors. Movement of POL (Petroleum, Oil, and Lubricants) increased by 5.05% y-o-y, reaching 245,988 thousand tonnes, driven by higher domestic consumption and increased refinery outputs. Iron ore saw a significant rise of 32.51%, with volumes at 61,475 thousand tonnes, attributed to robust export demand and increased mining activities. Iron and steel cargo grew by 17.40%, totaling 12,104 thousand tonnes, due to strong construction and infrastructure development.

However, fertilizer cargo decreased by 7.80%, down to 7,530 thousand tonnes, due to lower agricultural demand and increased domestic production. Container traffic grew by 6.63%, reaching 181,570 thousand tonnes, supported by e-commerce growth and improved global trade conditions. Coal traffic slightly declined by 0.90% to 153,464 thousand tonnes, impacted by a shift towards renewable energy sources. Cement cargo saw a reduction of 10.73%, down to 2,946 thousand tonnes, due to subdued real estate activity and infrastructure projects. Lastly, other goods (including salt) decreased by 4.58%, totaling 55,170 thousand tonnes, influenced by lower export demand for miscellaneous goods.

Table 16: Movement in commodity-wise traffic at major ports (‘000 tonnes)

Year	POL	Iron Ore	Iron & Steel	Fertilizers	Containers	Coal	Cement	Other Good (Incl. Salt)
FY18	2,26,675	41,052	10,909	7,377	1,33,633	1,20,768	2,888	80,645
FY19	2,32,350	34,068	10,340	8,171	1,45,451	1,25,578	2,889	86,553
FY20	2,37,164	48,453	9,644	8,948	1,46,912	1,14,905	3,142	78,766
FY21	2,06,764	64,282	11,483	10,105	1,43,773	97,394	2,797	72,082
FY22	2,22,089	51,289	11,520	6,897	1,66,946	1,23,573	2,695	76,037
FY23	2,34,170	46,393	10,310	8,167	1,70,286	1,54,861	3,300	57,821
FY24	2,45,988	61,475	12,104	7,530	1,81,570	1,53,464	2,946	55,170

Source: CMIE

POL – Petroleum, oil & lubricants (POL) account for a third of the total cargo handled at Indian ports and POL is the largest commodity transported through ports since most of India’s requirements for crude oil are met through imports and India is a major exporter of petroleum products. POL traffic grew in the range of 2-8% from FY17 to FY20. It contracted by 13% during FY21, on account of a fall in India’s imports of crude oil and exports of petroleum products because of the lower demand during the pandemic. FY22 witnessed recovery of POL traffic which grew by 7% over previous year owing to recovery of economic activities. However, POL traffic saw a growth of 5.05% y-o-y in FY24, the growth pace was lower on account of disturbance in trade due to the war between Russia and Ukraine. India is the third largest importer of crude oil after China and US and the imports are expected to remain significant in near term due to expected economic growth.

Containers – Containers are the second largest contributors to freight traffic after POL and account for close to a fourth of overall cargo traffic. This is on account of the efficiency and agility achieved through transport using containers. The container freight traffic grew steadily until FY21 with increase in trade but saw a dip in the pandemic. The cargo traffic was up by 14% in FY22 as compared to FY21, while in FY23, container cargo traffic declined by 7% y-o-y due to disruption in global trade activities. In FY24 the cargo traffic saw a y-o-y growth of 6.6%.

Coal – Coal is an important commodity transported through Indian ports. It is the third-largest contributor to overall freight traffic. India is partly dependent on imports to meet its domestic requirements of coal and imports constitute for roughly a fourth of domestic coal consumption. The cargo traffic for coal grew by 27% y-o-y in FY22 & 25% in FY23 driven mainly by the import of thermal coal backed by higher demand from the power sector, while there was a degrowth of -0.9% y-o-y for FY24.

Iron ore – Iron ore cargo traffic grew robustly for two consecutive years from FY20 to FY21. The stellar growth in iron ore exports came on the back of higher demand for steel amid global supply disruptions, especially in Brazil and Australia, which resulted in a rise in international prices. This led to domestic production finding traction in Chinese markets. China alone accounted for more than 85% of iron ore exported by India during FY20 and FY21. India's iron ore exports to China grew by a robust 98% to USD 4 billion during FY21. In FY22, the export demand from China decreased substantially due to the slowdown in China, policy measures to reduce pollution by restricting steel production and slowing construction activities. As a result, the iron ore traffic reduced by 20% y-o-y in FY22. In May 2022, the Government raised the export duty on iron ore which impacted iron ore exports and led to 10% y-o-y decline iron ore traffic through ports in FY23. However, for FY24, the iron ore traffic increased y-o-y by 17.4%.

Fertilizers – India is heavily dependent on imports for raw materials that are used in production of fertilizer. It also imports fertilizers and feedstock. Fertilizers volumes though ports grew by 13% in FY21, because of its linkage with agriculture which was termed as 'essential activity' during pandemic. The cargo traffic saw a decline of about 10% y-o-y in FY22, due to significant increase in prices of raw materials and chemicals used in the manufacturing of fertilizers. During FY23, there was a significant increase of 18% in fertilizer traffic as compared to FY22, however, there was a 7.8% y-o-y decline in FY24.

7.20 Regulations

The 12 major ports in India are regulated by the Major Port Trusts Act, 1963 and the Non-major ports (Minor ports) are governed under the IPA Act, 1908. The IPA Act consists of 69 sections and 2 schedules, it regulates the berths, stations, anchoring, fastening, mooring and unmooring of vessels.

Tariff Authority for Major Ports (TAMP):

The Tariff Authority for Major Ports (TAMP) was created in the year 1997**.** The regulatory jurisdiction of the Authority extends to all major port trusts and private terminals operating therein**.**

Role, functions and organizational structure:

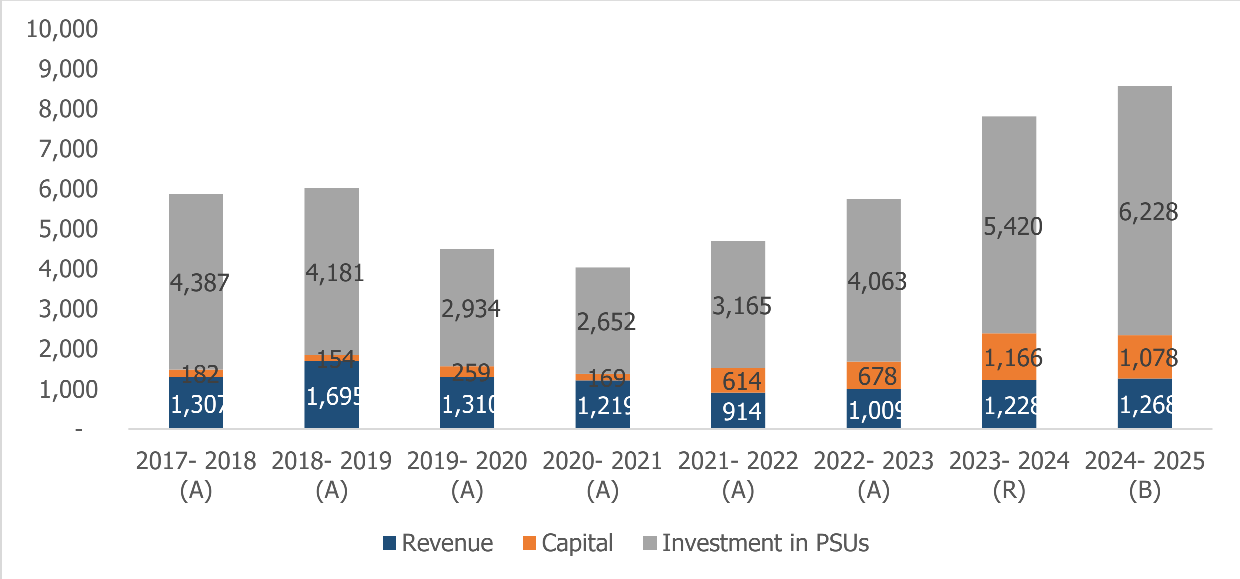
The TAMP Authority is statutorily mandated to frame the Scale of Rates and the Statement of Conditions for the services rendered by the Major Port Trusts and Private Terminals thereat as well as charges for use of port properties.

The Authority consists of a Chairman and two Members. The Chairman is of the rank of the Secretary to the Government of India, one Member from amongst economists and one Member with experience in finance. TAMP is functioning with Member (Finance) and Member (Economics) at present.

7.21 Government policies

In Union Budget 2023-24, the government announced 100 transport infrastructure projects for end-to-end connectivity for ports, coal, steel and fertilizer sectors. Budgetary allocation of Rs 6,228 crores was announced to ministry of ports, shipping and waterways for FY25 as compared to Rs 5,420 crores in the previous budget, implying a growth of 15% y-o-y basis.

Chart 31: Budgetary Support to Ministry of Ports, Shipping and Waterways



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

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

- The Draft Indian Ports Bill 2021, announced in July 2021, sought to centralise the administration of minor ports that are controlled by state governments.

- The Inland Vessels Bill 2021 was approved by the Lok Sabha in July 2021 which will help domestic cargo movement with the potentially lower rates. This bill seeks to create a single law for the country, rather than different laws crated by the states. Registration certificates issued for the vessels under the new law will be valid nationwide and will not require state government approval. The bill also envisages creation of a database to host information about ships and crews on a website.

- In July 2021, the Marine Aids to Navigation Bill 2021 was passed by the Parliament, incorporating global best practices, technological developments and India's international obligations in this field.

- The Finance Minister proposed to double the ship recycling capacity of approx. 4.5 million light displacement tonnes (LDT) by 2024 and it is expected to generate an additional ~1.5 lakh employment opportunities in India.

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

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

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

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

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

	Completed		**Under implementation**		**Under development**		**Grand total**	
Pillar	**#**	**TPC (Rs. Cr.)**	**#**	**TPC (Rs. Cr.)**	**#**	**TPC (Rs. Cr.)**	**#**	**TPC (Rs. Cr.)**
Port Modernization	89	31214	63	64063	89	154383	241	249660

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

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

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

7.22 Growth drivers

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

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

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

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

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

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

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

7.23 Challenges

1. Inadequate infrastructure: A lot of non-major ports do not have adequate berthing facility, number of berths and sufficient length for proper berthing of vessels. In order to facilitate a quick turnaround, most non-major ports do not even have proper material handling equipment in place. Draft is also a major limitation in our country as a lot of ports cannot cater to vessels beyond panama i.e draft over 13 meters in size, which are commonly used globally. Furthermore, many ports also lack adequate navigational aids, facilities and IT systems.

2. Higher turnaround time and port congestion: In India, average ship turnaround time is over 2 days, however in Singapore is less than a day. Another major concern is shortage of handling equipment and container volume which leads to port congestion.

3. Sub-optimal transport modal mix: Lack of necessary infrastructure for evacuation from major and non-major ports results in sub-optimal transport modal mix.

4. **Limited hinterland linkages:** There is poor hinterland connectivity through rail, road, highways, inland waterways and coastal shipping which results in increased cost of transportation and cargo movement.

5. **Issues pertaining to regulations**: Regulations vary for major and non-major ports and they fall under different jurisdictions. Additionally, the regulatory framework is also very rigid. For example, foreign-flagged vessels are not allowed to ship cargo from one Indian port to another as it remains a protected ground for domestic shippers.

7.24 Outlook

The growth of the port industry is driven by India's rising share in global trade, increase in economic activities and expected increase in domestic manufacturing led by initiatives such as Make in India. However, inflationary trends and global slowdown may impact India's exports in the near term and is the key monitorable for the industry. The government has set a target to achieve exports of USD 2 trillion by 2030 of which USD 1 trillion is expected to be contributed by product exports. Several initiatives have been taken by the government to boost exports and increase the competitiveness of India-manufactured products.

Over 150 initiatives have been identified by the Maritime India Vision 2030 to boost the maritime sector. The Maritime India Vision was launched in the year 2021 after consultation with over 350 public and private stakeholders across shipyards, ports, trade bodies, and legal experts. This Vision acts as a blueprint to achieve growth and development covering all the facets of the maritime sector in the country.

Further, Bhavnagar in Gujarat is being developed as the container manufacturing hub in the country and cruise shipping is also expected to grow in the country.

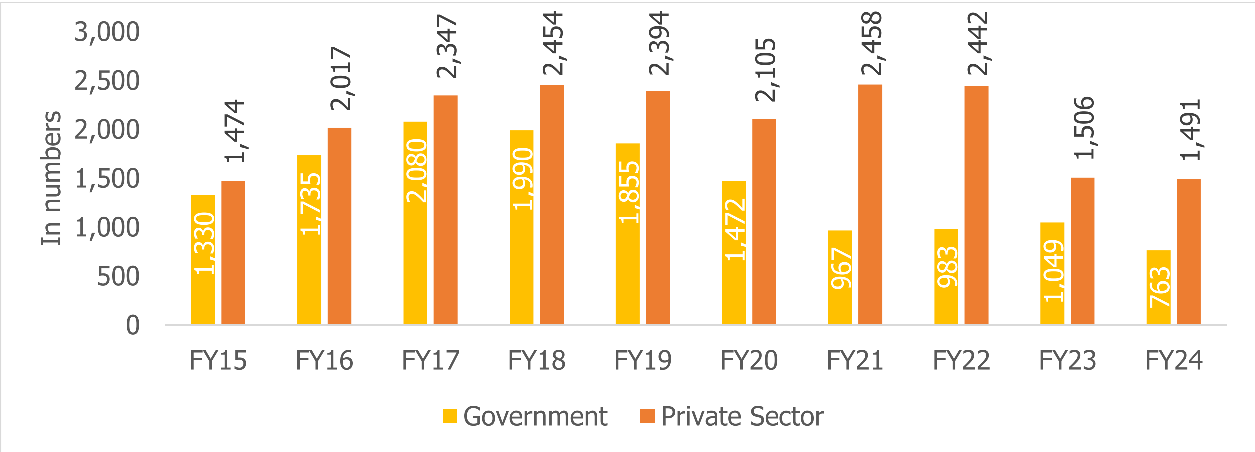
8. Industrial and buildings

8.1 Government and Private Investments

The private sector holds the majority of investments as compared to investments made by Government in the past 10 years. The total number of investments made across all industries by Government and private sector stood at 1,049 and 1,506 respectively, in FY23.

During FY24, the private sector investments decreased marginally by 15 as compared to its previous year. The private sector remained the largest holding among the overall investments, despite the decline in investments.

Chart 32: Trend in No. of Investments made in all industries in the past 10 years



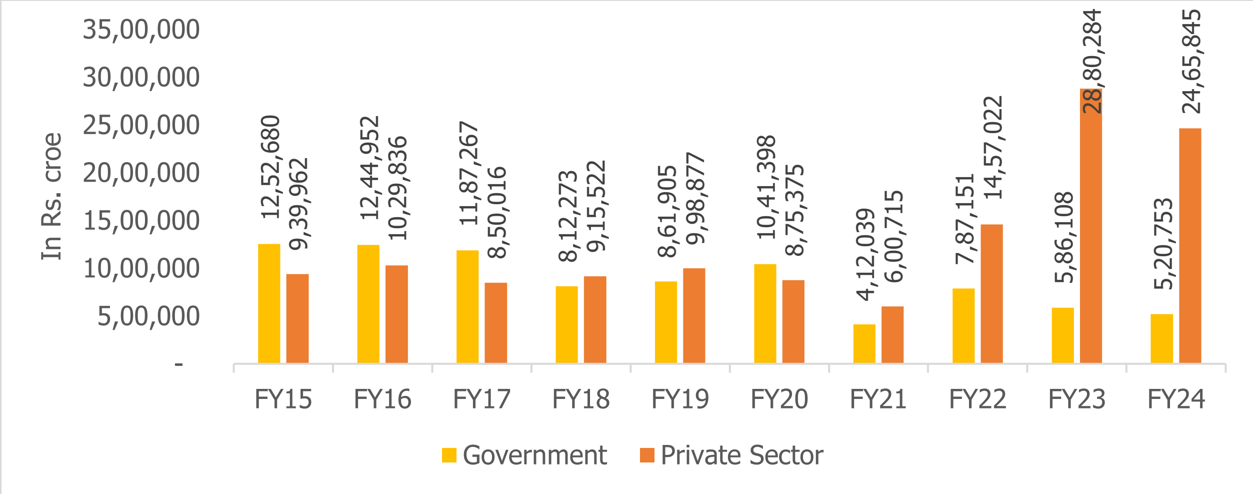
Source: CMIE

The trend in overall investments made across all industries in India increased with a CAGR of about 3.5% to Rs. 29,86,597 crores in FY24 from Rs. 21,92,642 crores in FY15.

The investments made by private sector grew with a CAGR of around 11% during the same period while the investments made by Government declined by 9% CAGR.

During FY24, the total investments held by private sectors accounted to 83% and the remaining investments of about 17% is held by the Government.

Chart 33: Trend in Value of investments made in all industries in the past 10 years



Source: CMIE

9. Residential Real Estate Industry in India

9.1 Overview

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

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

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

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

9.2 Key Trends in Residential Real Estate

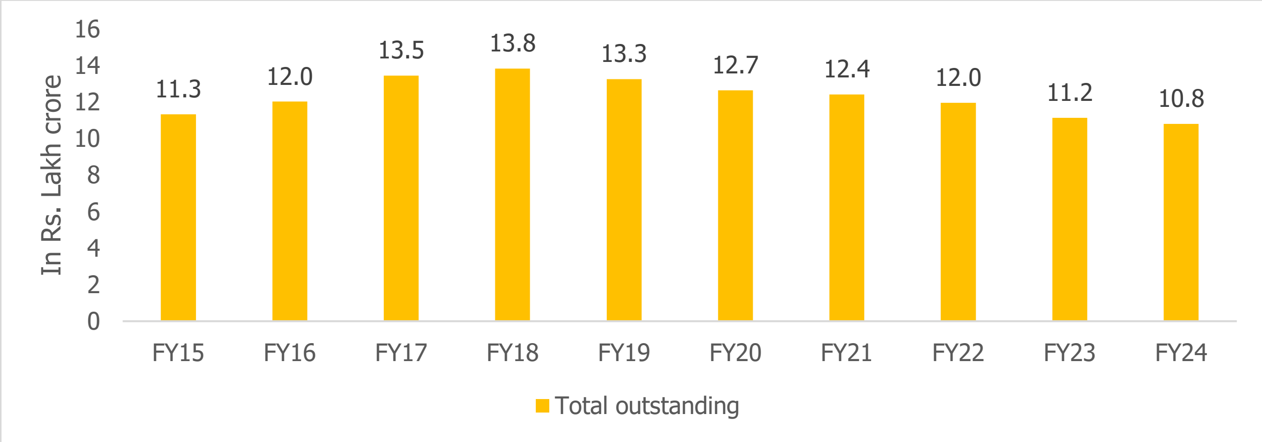
Investments in Residential Real Estate

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

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

Trend in outstanding investments

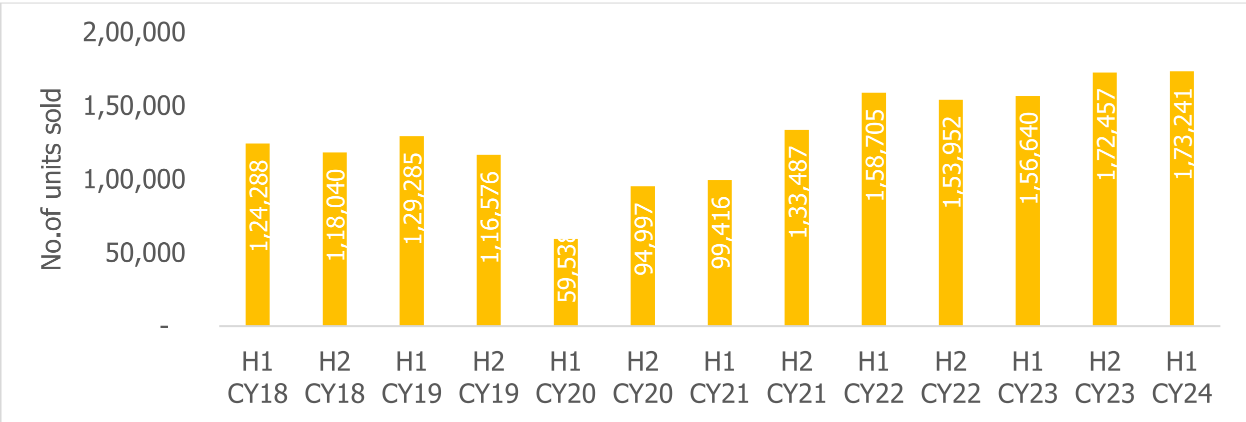
Chart 34: Outstanding investments in residential real estate



Source: CMIE & CareEdge Research

The chart above shows that outstanding investments across India rose for five consecutive years ending FY18. In the following year, the total outstanding investments dipped slightly and remained flat in FY20 and FY21. Investments fell slightly during FY22 as the economy and the real estate industry were recovering from the effects of COVID-19. However, the lockdown restrictions were eased in FY22. Further, the investments have declined in FY23 and FY24 but are expected to grow in the coming years due to the rising capex towards infrastructure including housing.

Chart 35: Trend in sales of residential real estate



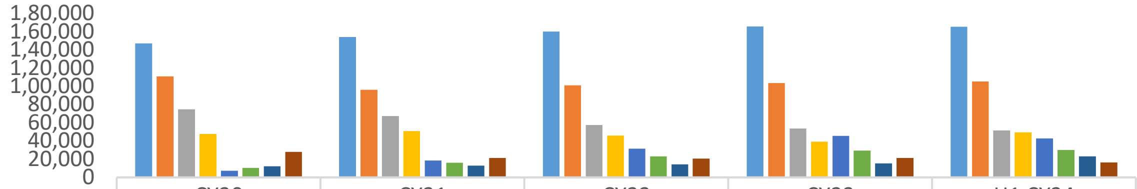
Source: Knight Frank & CareEdge Research

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

During H1 CY22, the sales in residential real estate increased significantly by 60% on a y-o-y and continued to remain in the range till H1 CY23. During H2 CY23, the sales grew by 10% on a q-o-q, 12% on a y-o-y and remained flat in H1 CY24 at 1,73,241.

Unsold inventory in residential real estate

Chart 36: Unsold units across top 8 Indian cities in residential real estate



	CY20	CY21	CY22	CY23	H1 CY24
Mumbai	1,46,916	1,53,950	1,59,832	1,65,395	1,65,121
NCR	1,10,674	96,186	1,00,959	1,03,603	1,05,185
Bengaluru	74,764	67,341	57,398	53,479	51,642
Hyderabad	47,542	50,816	46,042	39,214	49,232
Pune	7,180	18,598	31,400	45,505	42,736
Ahmedabad	10,494	16,231	22,977	29,361	30,222
Kolkata	12,190	13,016	14,184	15,536	23,116
Chennai	28,160	21,265	20,686	21,417	16,416

Mumbai NCR Bengaluru Hyderabad Pune Ahmedabad Kolkata Chennai

Source: Knight Frank & CareEdge Research

As new launches outpaced sales, the unsold inventory at various stages of construction in the markets across most of the cities has increased in CY23 except in Bengaluru and Pune where the sales have exceeded the launches. Mumbai, Delhi NCR, and Bengaluru together account for nearly 68% of unsold inventory.

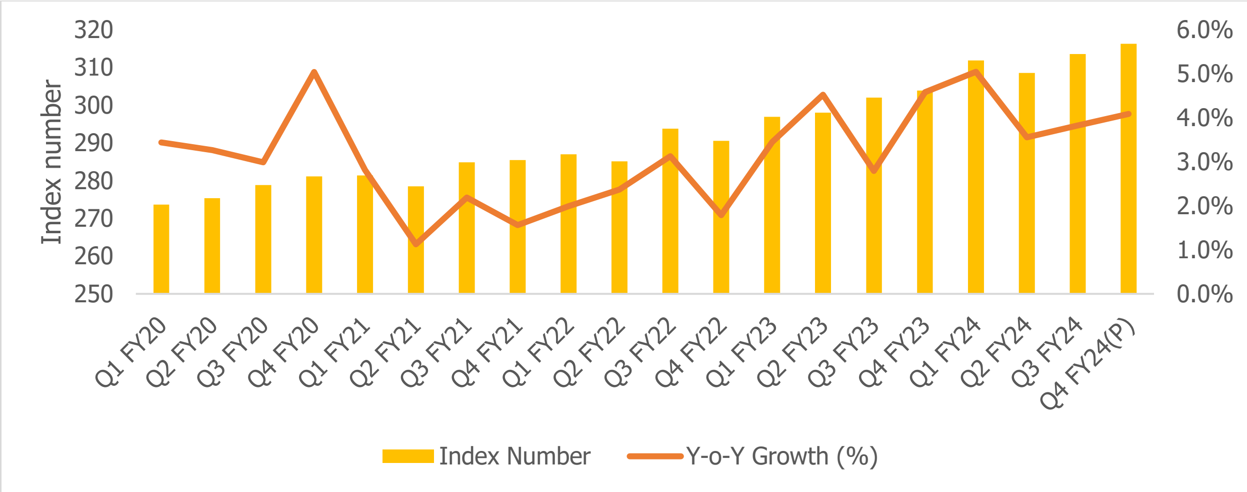
The unsold inventory count stood at around 4,73,510 housing units during CY23 as compared to 4,53,478 housing units in CY22.

During H1 CY24, the unsold inventory stood at 4,83,670 housing units. Mumbai remained the market with the maximum quantum as well as value of unsold inventory followed by NCR and Bengaluru.

Property Prices in residential real estate

RBI's Housing Price Index

Chart 37: All India House Price Index by the Reserve Bank of India



Source: RBI

The All India Housing Price Index by the RBI shows that average housing prices across India recorded an increase in both, absolute and growth terms. The index recorded a growth during the H1 FY22 over the corresponding year-ago period and housing prices were 2.6% higher during Q2 FY22 indicating a rise in demand and buyers' inclination to pay more than last year. At the same time, the 2.6% rise in housing prices during Q2 FY22 was supplemented by subdued housing prices during the year-ago quarter. Besides, the broad momentum in housing prices has been positive even when compared to pre-pandemic times.

Further, the housing price index numbers show that index numbers registered from H2 FY21 onward were higher than those prior to Q4 FY20. The housing price index numbers stood at 287 and 285 during Q1 FY22 and Q2 FY22, respectively, and these levels were not surpassed even prior to the pandemic. This indicates that the demand conditions are higher not just due to a pandemic-led low base, but due to the thriving housing market. The housing price index numbers inched up further during Q3 FY22 which coincided with the festive season. Q4 FY22 did witness a slowdown in growth at 1.8% but this was partly on account of a high base of the corresponding year-ago quarter.

Moreover, housing prices strengthened during Q1 FY23 - Q4 FY23 despite an increase in benchmark policy rates due to the continued momentum in demand. Similarly, the residential prices exhibited an upward trend in FY23, reflecting pent-up demand following the pandemic. In Q4 FY23, the HPI reached its highest level in the past two years, standing at 304, a growth of 4.6% y-o-y. This upward trajectory in housing prices can be attributed to the increased costs of construction materials and labour and the robust demand in the market. Further, HPI has increased by 2.6% on a q-o-q and 5% on a y-o-y in Q1 FY24 and reached 312. Delhi, Mumbai, Chennai, Bengaluru, Ahmedabad and Kochi registered a rise in house prices during Q3 FY24 and recorded an HPI of 314. During Q4 FY24, the HPI is projected to grow by 4.1% y-o-y at 316 according to the RBI.

Notably, the overall momentum in housing prices has been consistently positive, even surpassing the levels observed before the onset of the pandemic. Accordingly, the rising HPI indicates resilience in demand in the housing market and its ability to absorb higher prices. The sustained growth in the HPI also suggests a favourable market environment and a positive response from buyers, supporting the overall stability and strength of the housing sector.

9.3 Demand Drivers

1. Economic Growth and Increased Urbanization to boost Demands

- The Indian economy has experienced steady growth in the past decade and is expected to be one of the fastest-growing economies in the post-pandemic era
- Whereas India's urban population is expected to reach over 5,000 lakhs by 2025 from an estimated 4,610 lakh in 2018.
- The rising income and employment opportunities have led to migration to urban areas, thereby creating a greater need for real estate in major Indian cities.

2. Government Policies enable Demand through Greater Transparency

- The real estate segment has received a massive boost from Government initiatives such as the Affordable Housing Scheme, Goods and Services Tax (GST) and the Real Estate Regulation and Development Act, 2016 (RERA).

- While the initial months following the implementation of these initiatives created some disruption, the policies increased transparency and competence of the sector. As a result, the confidence of domestic and foreign investors in the real estate industry witnessed a boost leading to higher FDI in the sector.

3. Rising Number of Nuclear Families

- The nuclear family concept is very well linked with the rapid urbanization of the country.

- According to the 2001 census, out of 19 crore households, 10 crore or a little over 50% were nuclear households. In the 2011 census, the share grew to 52.1% - 13 crore nuclear out of 24.9 crore households.

- Further, people migrate from one place to another in search of jobs, which ultimately increases the nuclear family counts.

- Therefore, an increase in nuclear families will lead to an eventual increase in demand for residential units.

4. Repatriation of NRIs and HNIs

- Since India is on the cusp of becoming one of the fastest-growing economies in the world, many NRIs are repatriating to their origin as they are witnessing new opportunities in their own country.

- The shift to the homeland is estimated to have increased during the Coronavirus pandemic when individuals preferred to stay close to their family members.

- These NRIs are generally high net-worth Individuals and are comfortable purchasing apartments for their comfortable residence.

We expect such individuals to contribute to superior housing units having better amenities and more open spaces.

5. Low Interest Rates and Increased Savings

- Home loan rates offered by banks are currently at record lows and are unlikely to stage a rebound in the near term. This is due to the government and the RBI prioritizing the recovery of the economy. This, in conjunction with higher savings of better-off individuals during the pandemic, may lead to consumers preponing their plans of buying or investing in new property.

- Banks, too, are likely to focus on disbursing collateralized housing loans to push their lending business as loan demand from traditional routes is low.

6. Relocations

- The pandemic made consumers from the middle-income and above categories aware of the shortfalls of their present residences. As the pandemic forced individuals to spend all their time within the confines of their homes, most families became acutely aware of the lack of space or limitations with respect to the facilities offered in their complexes.

- We expect such families, mostly from metros and tier-1 cities, to be motivated to relocate and make new purchases due to the want of more open space, modern amenities, proximity to their workplace, and desire to relocate closer to extended families and friends.

7. Shift in Buying Behaviour

- The coronavirus pandemic has shifted the attitude that resulted in consumers buying new homes. One, the financial uncertainty brought on by the pandemic is estimated to have led to many consumers considering a home as an essential financial security.

- Consumers are also giving serious thought to how they live and may want to move to larger homes considering their family size and the need to accommodate work-from-home and study-from-home

- Accordingly, the demand for projects with good architecture, uncluttered space, and recreational activities for children and the elderly is projected to increase.

8. Holiday and Second Homes

- The need for social distancing and pandemic-led cabin fever opened up a new avenue for realtors – second homes and holiday homes.
- Consumers, mainly those from affluent classes feel the need to own a holiday home for quick, short breaks over the weekend, workcations, or the want for socially distancing in second homes.
- Thus, the demand for holiday homes close to metros and tier-1 cities is likely to be on an upswing due to higher demand from consumers residing in these cities.

9.4 Challenges in Residential Real Estate

- **Land Availability**

  Litigated land is one of the challenges faced by the real estate sector and the developers. According to a survey conducted by the MahaRERA, around 16% of projects and 31% of built-up spaces are or have been in legal disputes. In Mumbai, these figures tally to about 30% of the real estate projects and 50% of the built-up space. For Thane, the corresponding figures are 26% and 36 % respectively.

  The unavailability of affordable land is one of the biggest barriers to affordable housing in cities. The government has several urban land banks which are currently not utilized. Such land can be allocated for affordable housing projects and creating affordable housing can be driven via a PPP model.

- **Outdated Building Bylaws**

  India has a population of about 1.4 billion. With the current rate of population explosion, the demand for space is vital. Over 50% of the world's population lives in cities and the number is expected to rise by 250 crores by 2050. However, the current Floor Space Index (FSI) norms in the cities are not on par with the growing demands of consumers. As a result, while the demand for more housing units is likely to be on the upside, outdated bylaws remain a critical hurdle on the supply side.

- **Changes in Tax Regime**

  In addition to the aforementioned financial challenges, the implementation of the GST is another factor that impacted the real estate industry. Before the implementation of GST, a service tax of 4.5% was applicable in the case of an under-construction property. However, post-GST, the rate has risen sharply to 12%, impairing the attractiveness for property investors.

  As buyers were paying registration charges and stamp duty on properties, the inclusion of GST increased the statutory cost of the property of the investor by 20%.

- **Approvals and Procedural Difficulties**

  The real estate sector in India is heavily regulated by the Central and State Governments and local bodies. Real estate developers are required to comply with a number of laws and regulations, including policies and procedures established and implemented by local authorities in relation to land acquisition, transfer of property, registration, and use of land. These laws often vary from state to state. If the project is in the preliminary stages of planning any delay in obtaining approvals could warrant revised scheduling of project timelines. It not only delays a project but also increases the cost of the property for both buyers and developers.

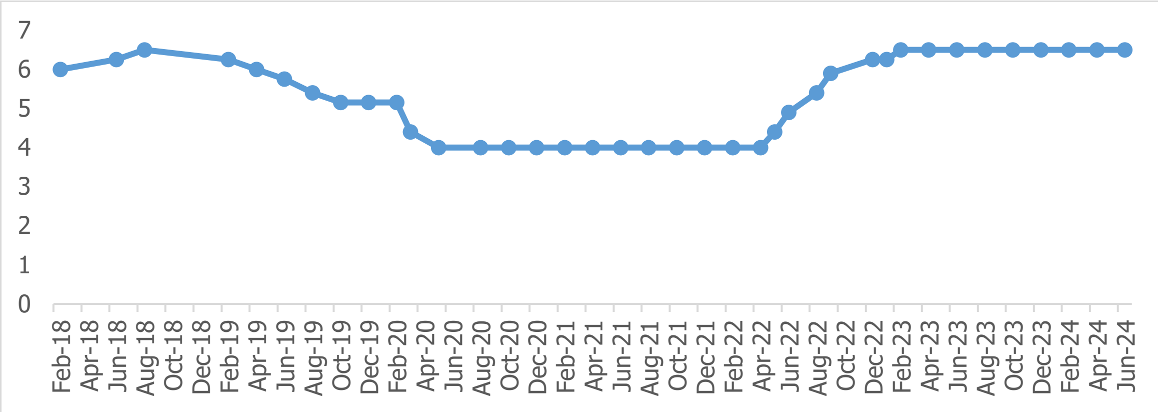
- **Speculation in Land and Property Prices**

  The prices of land and real estate in India have increased exponentially in the last decade, leading to overpricing of commercial or residential property. On the other hand, real estate agents or brokers buy or sell property frequently with their own investments, surging the property prices.

- **Elevated Finance Costs**

  The cost of funds is rising due to increasing policy rates. The RBI raised the repo rates from 4% in April 2022 to 6.25% in December 2022. In February 2022, RBI has increased repo rate marginally to 6.5%. Post February 2022, the repo rate has remained unchanged taking inflation into account. This increase in the repo rate may result in a rise in house loan interest rates and affect the demand for affordable and lower middle-class housing sectors. The interest rate hike can even dampen the sentiments of homebuyers in the sector.

  Chart 38: RBI Historical Repo Rate



Source: RBI

- **High Input Costs**

  Real estate is a capital and labour-intensive industry. Therefore, a rise in the cost of labour and construction materials due to inflation impacts the margins of developers and also props up problems due to cash unavailability. The recent rally in steel and copper prices, along with increased cement prices, is likely to push up the cost of building new properties for real estate developers.

9.5 Regulatory Framework for the Residential Real Estate Sector

1. Real Estate and Regulation Act (RERA)

- The real estate sector has benefitted from RERA, which was implemented from May 01, 2017, despite it being subdued for a few months as developers put their operations on hold, to understand and comply with all the regulations.
- In the long run, RERA makes the real estate sector more transparent and process driven. RERA has a direct implication on the ceramic sector as well.
- In a medium time, frame, RERA is expected to bode well for the organized real estate sector as well as the ICTI.
- It was brought into force with effect from August 1971 with a view of regulating the import, manufacture, sale, transport, distribution and use of insecticides in order to prevent risk to human beings and animals.

2. Foreign Direct Investment (FDI)

- In January 2018, the Government allowed 100% FDI in single-brand retail trading and construction development without Government approvals.
- The FDI caps were revisited for several industries and this promoted foreign agencies to bring in their technology, expertise and money into India.
- New companies setting shop in India meant more office spaces, larger built-to-suit technology centers and Special Economic Zones.
- Due to job creation, residential segments demand will increase.

3. Make in India

- This initiative was boosted by Government of India in the year 2014.
- The main motive behind the campaign was to foster manufacturing within the country by focusing on bringing worldwide investment for this sector.
- The campaign has further heralded the development of townships, roads, bridges, hospitals and other infrastructure.
- It has boosted a lot of investment growth in India.
- The Ease of Doing Business (EoDB) Rank of India has improved from 184 in 2014 to 27 in 2019. This improvement has been mainly on the account of decrease in the number of procedures and time taken for

obtaining construction permits in India.

- This will ultimately boost people to purchase residences near their office/business centers.

4. Smart Cities

- The building and push towards SMART Cities also heralded the opportunity for infrastructure development which includes roads, railways, and commercial centers.
- And with Government easing the transaction and compensation process around land acquisition also helped developers overcome challenges and hurdles in development projects.
- Housing and inclusiveness - expand housing opportunities for all.
- Under the scheme, a total 786 projects costing Rs. 19,078 crore are under construction and 7,231 projects costing Rs. 1,45,211 crore have been completed as of July 2024, out of the total target of 8,017 projects in 100 cities.

5. Land Acquisition Bill

- In December 2014, the Government passed an ordinance amending the Land Acquisition Bill.
- This ordinance is intended to speed up the process for industrial corridors, social infra, rural infra, housing for the poor and defence capabilities.

6. Benami Transactions Amendment Act, 2016

- Before 1988, benami transactions were not illegal and there was no law for people who commit fraud by entering in such transactions. However, it was not allowed to recover the property by the real owner from the benamidar.
- The initial act was called the Benami Transaction (Prohibition) Act, 1988. It was amended in 2016 and was renamed as Benami Transaction (Prohibition) Amendment Act, 2016.
- Aimed towards regulating the unaccounted money into the economy, the said Act is expected to bring lucidity in the ownership of property and result into bolstering investor confidence.

7. Real Estate Investment Trust (REIT)

- Approved by the Securities and Exchange Board of India (SEBI), REIT is a platform to pool money from investors all across the country.
- The introduction of REITs is aimed towards allowing the investors to make safe investments into the real estate of India, and the amount so collected will subsequently be utilized towards the development of commercial properties in order to generate income.
- This is an initial step and may be in upcoming future, REITs may also come to fund residential segments
- Dividend payments to REITs and INVITs is proposed to be exempted from TDS
- Debt Financing of REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations.

8. Change in Arbitration Norms for Construction Companies

- A series of initiatives on arbitration norms were approved by the Cabinet Committee on Economic Affairs to provide a sigh of relief to the entities struggling with liquidation issues.
- The said initiative was meant to resolve the arbitration cases sooner keeping in mind the stalled construction of projects.

9. Goods & Services Tax (GST)

- A revolutionary tax reform rolled out in July 2017, GST has indeed helped to simplify the home buying process with its "One Nation, One Market, One Tax" principle.
- The introduction of GST has further helped to streamline the real estate sector by removing the possible

ambiguities due to multiple taxation system, prevalent erstwhile.

10. Insolvency & Bankruptcy Code (IBC), 2016

- The fundamental features of the Code are that it allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation.

- The Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, that will facilitate a formal and time bound insolvency resolution process and liquidation.

11. Pradhan Mantri Awas Yojana-Urban (PMAY-U)

- The Pradhan Mantri Awas Yojana – Urban was introduced as part of the 'Housing for All' initiative with the objective of facilitating the provision of affordable housing at a reduced cost by the deadline of December, 2024. In the Union Budget 2024-25, the government allocated Rs 30,170.6 crores towards this scheme, an increase of 36.5% y-o-y.

- Under the PMAY-Urban scheme, pucca houses are provided to individuals falling within the Economically Weaker Sections/Low Income Group (EWS/LIG) and Middle-Income Group (MIG) categories, including slum dwellers. As of 15th July, 2024, approximately 85.04 lakh houses have been completed, around 114.33 lakh houses have been grounded for construction, and approximately 118.64 lakh houses have received official sanction, while the total demand stands at approximately 112.24 lakh houses.

12. Affordable Rental Housing Complexes (ARHCs)

- Covid-19 pandemic has resulted in reverse migration of urban migrants/ poor in the country. Urban migrants stay in slums/ informal settlements/ unauthorized colonies/ peri-urban areas to save cost on housing. They need decent rental housing at affordable rate at their work sites.

- In order to address this need, Ministry of Housing & Urban Affairs has initiated Affordable Rental Housing Complexes (ARHCs), a sub-scheme under Pradhan Mantri AWAS Yojana- Urban (PMAY-U). This will provide ease of living to urban migrants/ poor in Industrial Sector as well as in non-formal urban economy to get access to dignified affordable rental housing close to their workplace.

- These complexes will ensure a dignified living environment for urban migrants/poor close to their workplaces at affordable rates.

- This will unlock existing vacant housing stock and make them available in urban space. It will propel new investment opportunities and promote entrepreneurship in rental housing sector by encouraging Private/Public Entities to efficiently utilize their vacant land available for developing ARHCs.

13. Pradhan Mantri Awas Yojana - Gramin (PMAY-G)

- Previously known as Indira Awas Yojna, this scheme focuses on providing pucca houses with basic amenities to homeless families.

- PMGAY aimed to aid in construction of 1 crore houses in rural areas over the period of 3 years from 2016-17 to 2018-19.

- The minimum unit (house) size is 25 sq.m including a dedicated area for hygienic cooking.

- Assistance of Rs. 1.2 lakh in plain areas and Rs. 1.3 lakh in hilly states, difficult areas and IAP districts is to be given as per the scheme.

- The PMAY-Gramin scheme aims to offer pucca houses to rural individuals lacking shelter or residing in kutcha (temporary) and dilapidated housing structures. As on 25th July 2024, a total of 263.99 lakh houses have been completed, indicating an 90% achievement rate in relation to the Ministry of Rural Development's (MoRD) target of 294.65 lakh houses.

14. State Government Housing Scheme

- Housing Schemes include those as Delhi Development Authority Housing Scheme, 2018; Tamil Nadu Housing Scheme Board (TNHB); Maharashtra Housing and Area Development Authority (MHADA), 2018; NTR Urban Housing Scheme.

- These State Government Schemes are generally divided into Lower Income Group (LIG), Middle-Income

Group (MIG), High Income Group (HIG), and Economically Weaker Sections (EWS).

- These apartments are made and are given to the individuals based on their annual household income at a cost less than that quoted by private builders.

- These Schemes are linked to the Government's central linked schemes or specific states scheme.

15. Policies to boost Affordable Housing Segment

- Interest deduction benefit on affordable housing:

  The Government in its attempt to boost affordable housing demand, proposed to extend additional tax benefit of Rs 1.5 lakh on interest paid on affordable housing loans by one year till March 2021. The additional deduction is over and above Rs 2 lakh which was introduced in the previous year's budget.

- Tax holiday for Affordable housing developers:

  In order to encourage developers to focus on affordable housing projects, the Government extended the date of approval for these projects for availing tax holiday on profit earned by developers by one year till March 2021. The tax holiday which was being provided under section 80-IBA for approved projects during the period from June 1, 2016 to March 31, 2020 has been extended by a year.

- Rationalization of capital gains tax on difference between circle rate and transaction rate:

  Earlier for real estate transactions, if the consideration value was less than circle rate by more than 5%, the difference was considered as income accruing to both the buyer and seller and hence taxable to both. In order to facilitate real estate transactions and provide relief to the sector, the government increased the limit from 5% to 10%.

- New income tax regime for taxpayers:

  The Government introduced an alternative tax regime and in case an individual move to the new tax regime, the tax exemption including deduction repayment of principal (for Rs 1.50 lakh) and deduction on interest payable on housing loan has to be forgone, which is potentially negative for the sector.

9.6 Industry Outlook for Residential Real Estate

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

In FY24, the residential market continued to witness a steady growth driven by a positive economic outlook, with India having the highest GDP growth rates globally. Despite the inflationary pressures, geo-political tensions arising from conflicts between Israel-Palestine and Russia-Ukraine wars, additional savings during lockdowns, minimal income disruptions in middle- and upper-income brackets, and a healthy forecast on economic growth have contributed to the steady demand in the residential real estate market.

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

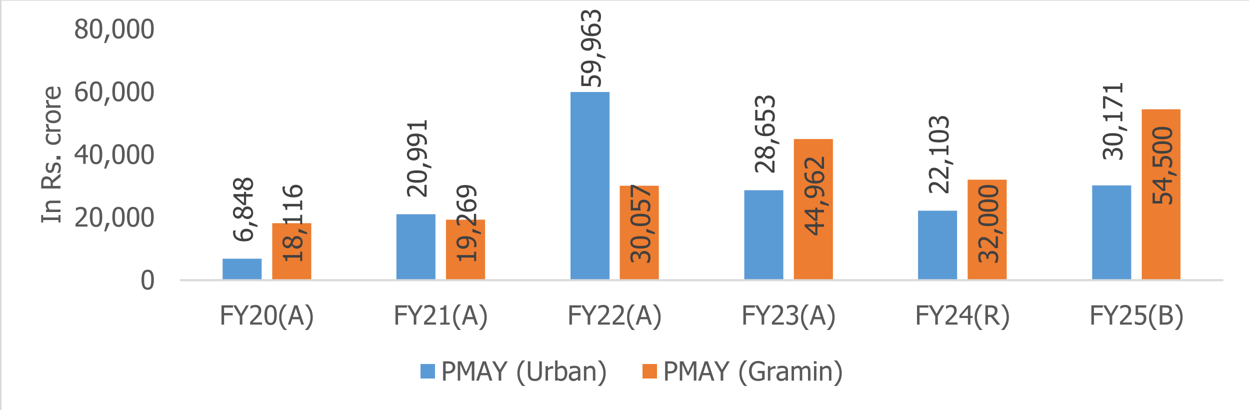
Within the residential real estate segment, we expect the following trends to lead the growth in the sector:

Relocations and Shifting Buying Behaviour – The pandemic-related restrictions led to individuals being confined to their living spaces. This spurred demand, as families wanted to relocate and make new purchases due to the want of more open space. Accordingly, the demand for projects with good architecture, uncluttered space, and recreational activities for children and the elderly is projected to increase.

Growth in Technology – The growth in digital transformation across the globe has helped companies grow at a faster pace. In India, IT is the major contributor to the job market, which has witnessed growth in the last few years. India, as a hub for IT talents, will facilitate an affordable corporate setup for MNCs. This will further complement residential demand with the creation of jobs and higher income. Accordingly, there will be an increase in residential and commercial space demand across these areas.

Government Policies – There is a significant thrust on providing housing for all under the Pradhan Mantri Awas Yojna PMAY by the government and the scheme has been getting steady allocation under the union budget. Further, the sustained efforts in sanctioning and completing a substantial number of houses under both PMAY-Urban and PMAY-Gramin schemes demonstrate the government's commitment to promoting affordable housing and improving living conditions for individuals and families across the country.

Chart 39: Budgetary Allocation Under PMAY (Urban and Gramin)



Source: Budgetary Documents
Note: A-Actuals, B-Budgeted, R-Revised

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

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

10. Commercial Real Estate Industry in India

10.1 Overview

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

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

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

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

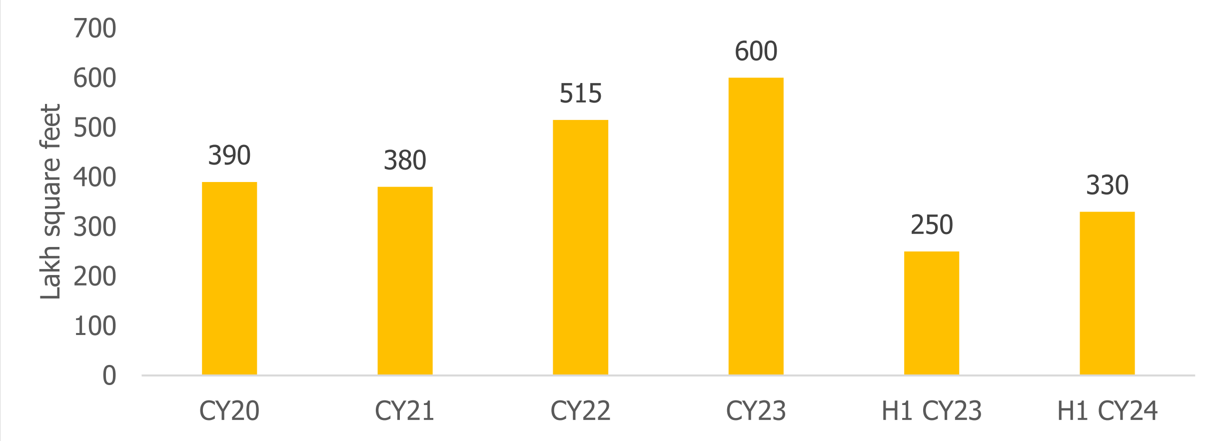
This segment, which includes industrial, retail, and warehousing, is thus projected to do well on account of a rapid growth of the warehousing segment and a gradual pick up in the office segment.

10.2 Key trends in Commercial Real Estate

Current Demand in Commercial Real Estate

Transactions in commercial space

Chart 40: Transactions in the commercial segment



Source: Knight Frank & CareEdge Research

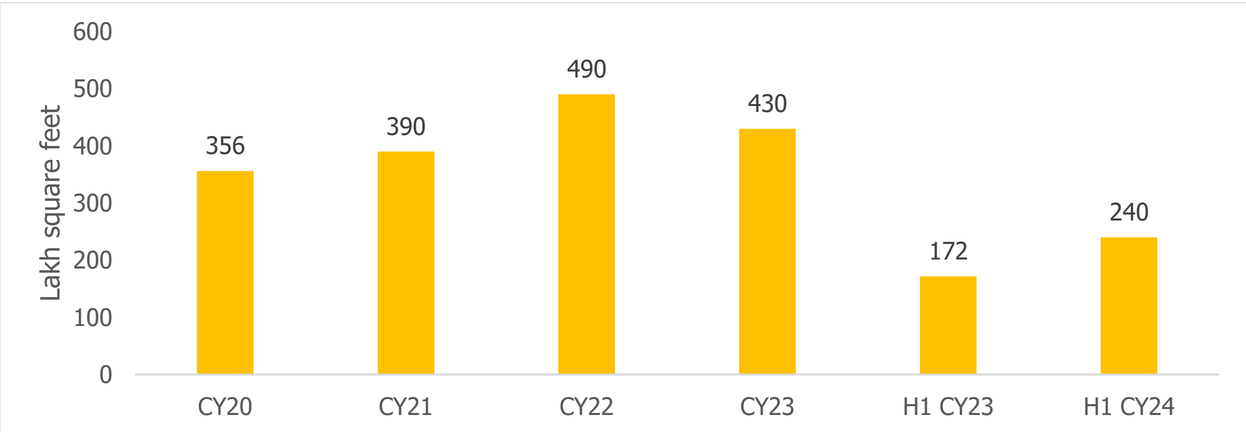
The 2019 calendar year was a year of record highs for the office space, according to estimates. Transactions in this space grew at a decadal high of 27% to an estimated 600 lakh square feet. Whereas the supply crunch witnessed at the start of the decade had normalised to an extent as the pace of growth in demand slowed down. As a result, new completions witnessed a spike and even exceeded annual transactions for the first time since 2013. While this satiated the demand for commercial real estate, it put pressure on rental growth.

Furthermore, the outbreak of the pandemic resulted in the near stoppage of business activities across all markets and the phased resumption amid economic slowdowns weighed heavily on occupiers' minds. This is evident in transaction volume data for the year.

Transactions stood at 390 lakh square feet during CY20. They inched up following the gradual resumption of economic activities in the second half. Whereas CY21 witnessed a fall of 2.6% in transactions on account of the lethal second wave. However, transactions picked up in CY22 to 515 lakh square feet, a growth of 35.5% y-o-y. During CY23, transactions have seen an increase and stood at 600 lakh square feet, registering a growth of 16.5% when compared to y-o-y.

Further, during H1 CY24, the transactions have witnessed a growth of around 32% as compared to the corresponding period last year.

Chart 41: New completions in commercial real estate



Source: Knight Frank & CareEdge Research

New completions witnessed a marginal drop during H2 CY20, possibly due to uncertainty surrounding the pandemic. These fell further during H1 CY21 before picking up in the second half. CY21 witnessed new completions to the tune of 390 lakh square feet.

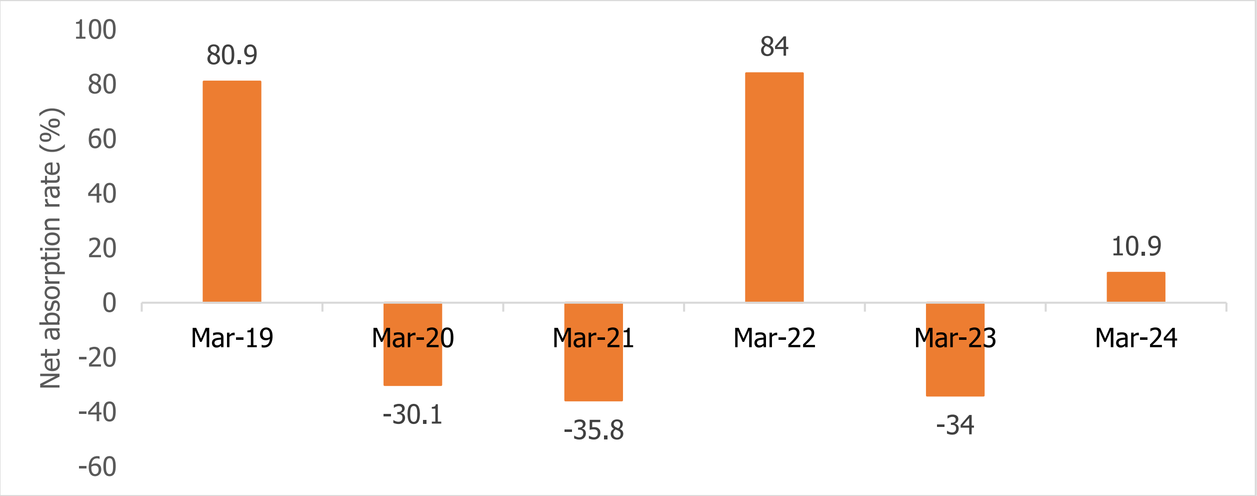
CY22 registered an uptick when compared to CY20 and CY21 as developers stepped on the pedal with respect to the completion of projects amidst improved demand for office spaces as corporates began working from the office.

To an extent, the availability of labour, which had migrated to hometowns during the pandemic, also began returning to the construction sector in cities and this aided the pace of completions. For the CY22, new completions stood at 490 lakh square feet. There has been a decrease of around 12% y-o-y in new completions in CY23. Further, during H1

CY24, new completions have increased with a growth rate of around 39% as compared to the corresponding period last year.

Net absorption of office space in commercial real estate

Chart 42: Trend in net absorption of office space during March quarters in commercial real estate



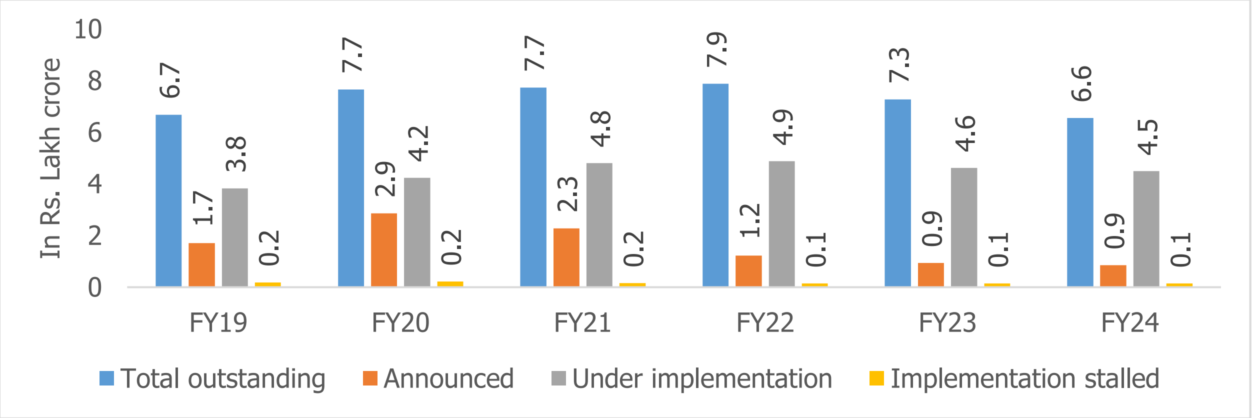
Source: JLL & CareEdge Research

After dropping in Q1 CY17 mainly due to demonetization in November 2016, the net absorption witnessed a five-year high in Q1 CY19. While the net absorption continued witnessing strong growth until February 2020 (before the COVID-19 outbreak), post the outbreak many new leasing deals have been pushed back by a couple of months and are being renegotiated for the removal of lock-in periods and downward revision of rentals. Bengaluru, Mumbai, and Delhi NCR accounted for nearly 75% of the net absorption in Q1 CY20, which was led by the IT/ITeS sector. Pre-commitments for Q1 CY20 accounted for 50% of the net absorption for the same period.

Further, the net absorption grew by about 84% in Q1 CY22 due to the reassuming of offices after the pandemic but declined by 34% in Q1 CY23 as the companies are hesitant about expansion among global uncertainties. Besides, hybrid workplace trends and reduced pre-commitments in new completions have also caused the slump. Q1 CY24 witnessed an increase of about 10.9% y-o-y owing to expansion in operations by corporates in the country.

Investments in commercial Real Estate

Chart 43: Trend in Investments in Commercial real estate



Source: CMIE & CareEdge Research

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

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

10.3 Demand Drivers in Commercial Real Estate

1. Increasing Population to result in Increased Workforce

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

2. Thriving E-Commerce: Key Driver for Warehousing

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

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

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

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

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

4. Government Initiatives and a Manufacturing Shift from China to aid growth

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

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

5. Congestion at Ports and Food Grain Storage Capacities to support Demand

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

6. Favourable Demographics - An Important Avenue for the Hospitality Sector

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

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

7. Demand for Cold Chain Logistics to increase due to pharma, packaged foods industries

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

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

10.4 Challenges in Commercial Real Estate

1. COVID-19 Pandemic

The outbreak of COVID-19 and the resultant lockdowns during the June 2020 and June 2021 quarters have dealt a blow to the commercial real estate sector. While certain segments such as warehousing survived the trend and performed exceptionally well, major segments such as office space, retail, and hospitality have suffered hugely. All India office market completion dropped by 31% in H1FY21 mainly due to the lockdowns beginning March 2020.

Moreover, due to the uncertainties prevailing in the market and the emergence of newer virus variants, the office space occupied currently is low with some occupiers even surrendering their office space across cities. The COVID-19 crisis is similar to the financial crisis of 2008 in its severity and impact. However, given that the infection rate has plateaued and individuals are accustomed to the new normal with progress on the vaccination front, recovery, albeit slow, is expected in the office space in the medium term.

2. Cost of Transportation

The logistics costs in India are considerably higher compared to the logistics costs in developed countries, which reduces the efficiency gains brought about by additional warehousing facilities. Higher logistics costs lead to higher export costs, which directly impact the competitiveness of Indian goods in international markets. Higher costs also result in increased time to deliver goods which can be an impediment for e-commerce companies.

3. Regulatory Obstacles

The creation and operation of sound logistics infrastructure can be slowed down if multiple regulatory agencies are not brought under a single umbrella. Currently, hindrances with land acquisition and consolidation and changes in land use are major impediments. An absence or lack of transparency in compliance has added to the woes.

4. Unavailability of Skilled Staff in Warehousing

While India’s demography is an advantage, the lack of appropriately skilled labour is a cause for concern. The supply chain industry has experienced this crunch more sharply than other industries as it is primarily a support industry. The industry needs to build a group of skilled personnel comprising truck drivers, warehousing managers, quality inspection supervisors, and seafarers. This is because the unavailability of skilled workers is a consequence of inadequate training and the absence of proper leadership.

Besides, given the unorganized nature of the industry, it is characterized by poor working conditions and a low pay scale due to which it does not necessarily attract skilled personnel. There are also limited institutes aimed at operational and technical training, which further accentuates the problem.

Moreover, with new innovations and developments cropping up in the cold supply chain segment, specialized warehousing, it is imperative to develop a workforce that is well-equipped and efficient to avoid hiccups.

10.5 Regulatory Framework in Commercial Real Estate

- The Government announced that Covid-19 related disruption was to be treated as force majeure under Real Estate (Regulation and Development) Act provision and registration and project completion timelines would be extended by 6 months /9 months, depending on which part of the country the project is being constructed and if these were falling after 25th March 2020.

- The RBI had also announced certain relaxations towards the Real Estate sector where - NBFCs can extend commercial real estate loans by 1 year if projects delayed are due to reasons beyond the control of promoters without treating it as restructuring. This measure aimed to maintain adequate liquidity in the system to promote the credit flow through financial institutions as well as ease financial stress.

- Extension in the deadline for the Emergency Credit Line Guarantee Scheme - ECLGS 2.0 until March 31, 2021. Under ECLGS 1.0, collateral-free government-guaranteed additional credit was initially given to MSMEs units but it was extended towards the 26 stressed sectors (including real estate) identified by the Kamath Committee plus health care sector (with credit outstanding of above Rs.5,000 lakhs and up to Rs.50,000 lakhs). Under the scheme, the mid-sized real estate companies with loan outstanding of Rs 5,000-50,000 lakhs were to get a 100% collateral-free additional loan up to 20% of the loan outstanding as of 29 February 2020. There was no upper limit on annual turnover of these companies. The scheme intended to provide a much-needed relief by helping entities sustain employment, meet liabilities and offer liquidity support.

- FDI in Real Estate - The Government's move of liberalizing FDI norms in the construction industry provided a leg-up to the investments in the real estate industry. According to industry sources, real estate investment reached USD 1.35 billion during the September 2021 quarter, which indicated a nine-fold increase. FY23 saw investments worth USD 170.3 billion in overall infrastructure construction activities and USD 14.6 billion in the construction development sector including townships, housing, built-up infrastructure and construction development project.

- National Logistics Portal - The Government is launching a National Logistics Portal, an integrated IT Platform that will act as a logistics marketplace to help exporters, importers and service providers exchange documents seamlessly and transact business. The portal will be a single-window platform having linkages with the IT systems of railways, road transport & highways, aviation, CBEC and state transport departments.

- A new logistics division has been set up in the Department of Commerce to coordinate integrated development of the sector by way of policy changes. This is with an of improving existing procedures identification of bottlenecks and gaps and introducing technology-based interventions.

- Expenditure on investment in logistics including infrastructure is aimed at USD 500 billion a year by 2025.

- Multi Modal Logistics Parks Policy (MMPLs) are a key policy initiative of government of India to improve the country's logistics sector. This initiative will lower freight costs, reduce vehicular pollution and congestion and cut warehouse costs to promote domestic and global trade.

- Change in Arbitration Norms for Construction Companies. A series of initiatives on arbitration norms was approved by the Cabinet Committee on Economic Affairs to provide a sigh of relief to the entities struggling with liquidation issues. The said initiative was meant to resolve the arbitration cases sooner keeping in mind the stalled construction of projects.

- Real Estate Investment Trust (REIT) - Approved by the Securities and Exchange Board of India (SEBI), REIT is a platform to pool money from investors all across the country. The introduction of REITs is aimed towards allowing the investors to make safe investments into the real estate of India, and the amount so collected will subsequently be utilised towards the development of commercial properties in order to generate income.

10.6 Industry Outlook for Commercial Real Estate

Diversified buyer pools and increasing FDI investors are revamping the real estate sector back to pre-COVID levels. The vaccination drives, removal of restrictions, office resumptions, and increase in footfalls in retail spaces have led to the recovery of the commercial real estate sector in last two years.

The real estate industry is expected to grow steadily during FY25. Despite the inflationary pressures and bleak economic outlook, India's GDP witnessed a growth rate of 8.2% in FY24. Further, it is expected to remain healthy at 7.2% in current fiscal according to RBI. The transactions in office market has been picking up consistently in past years and will continue to maintain its momentum with positive sentiments around the economy. Furthermore, substantial investments in the sector will aid the expansion in coming years.

Office Spaces -

Co-working spaces are where people from different unrelated backgrounds assemble in a space to work independently on different projects, or even in a group to work on the same project. It is the better option because the scalability options are easily accessible, which allows the expansion of the workspace without any significant effort. In addition, by renting these office spaces, businesses can access the shared space's basic utilities and other services for a monthly fee. These factors are leading to rising demand for co-working space.

Further, the demand for office spaces will also be driven by the increase in hiring across various sectors like IT, E-commerce, etc., increased connectivity due to the augmentation of infrastructure, and overall economic growth in India. The government of India has taken multiple steps to improve the infrastructure and amenities in India like the National Industrial Corridor Development Programme. Moreover, initiatives like the establishment of the Real Estate Regulation Authority, clarification that FDI can be invested in under-construction projects, etc., are aimed at increasing transparency and domestic/foreign investments in the sector going forward.

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

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

Retail -

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

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

Warehousing -

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

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

As of March 2024, 5 MMLPs have been awarded in Chennai, Bengaluru, Nagpur, Indore and Jogighopa. Additionally, bids are invited for development of MMLP for 3 locations i.e. Anantpur, Indore and Nagpur.

Reliance Infrastructure Limited has secured the MMLP in Chennai, PATH India Limited has been awarded the MMLP in Bengaluru, Deltabulk Shipping India Private Limited has won the contract for the MMLP in Nagpur, and G R Infraprojects Limited has been awarded the MMLP in Indore. The MMLP in Jogighopa is being developed under an engineering, procurement, and construction model.

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

11. Smart Cities Mission

11.1 Overview

Smart Cities Mission (SCM) is an initiative launched by the government on 25 June 2015 to develop cities that provide core infrastructure across all the states in India in a sustainable way and improve the quality of life of the citizens through the application of smart solutions.

The mission aims to drive economic growth and improve the quality of life of people by enabling local development and harnessing technology as a means to create smart outcomes for citizens. 100 cities have been selected under this mission and mainly work on four pillars - social, economic, physical, and institutional pillars of the city.

The focus is on sustainable and inclusive development through the creation of replicable models that act as lighthouses to other aspiring cities.

The core infrastructure elements:

- Adequate water supply
- Assured electricity supply
- Sanitation, including solid waste management
- Efficient urban mobility and public transport
- Affordable housing, especially for the poor
- Robust IT connectivity and digitalization
- Good governance, especially e-governance and citizen participation
- Sustainable environment
- Safety and security of citizens, particularly women, children and the elderly, and
- Health and Education

Under this mission, 7,231 projects of value Rs 1,45,211 crore have been completed and 786 projects are under progress as of 24th July 2024. The Urban Learning Internship Program (TULIP), one of the initiatives taken under this mission to cater to the learning needs of graduates to help them secure an internship has completed 8,465 and 46,289 students got posted.

Table 17: Projects across Various Sectors of the Mission as on 19th July 2024

Sector	Completed		Work in progress	
	Projects	Cost (Rs. Crore)	Projects	Cost (Rs. Crore)
Integrated Command and Control Centres (ICCC)	100	11,775	-	-
Smart mobility	1,516	36,048	192	5,401
Smart energy	660	13,659	34	579
Water, Sanitation and Hygiene (WASH)	1,391	45,412	148	4,491
Public Private Partnerships (PPP)	196	9,190	3	26
Vibrant public spaces	1,265	9,805	131	2,559
Economic infrastructure	804	10,402	134	2,584
Social infrastructure	815	11,664	77	1,462
Smart governance	624	15,890	64	1,707
Environment	145	2,277	7	281

Source: Ministry of housing and urban affairs

11.2 Industry Trends

Growing Usage of AI Tools

Large volumes of data are generated by smart cities from many sources. The authorities can simplify the data with the use of AI algorithms and data analytics tools. This helps them in the quick decision process, optimal allocation of resources, and enhancement of other services, such as traffic control and emergency response systems, by utilizing AI algorithms and advanced analytics.

Development of Digital Infrastructure

There is increasing demand for robust digital infrastructure such as power efficiency systems and faster internet networks to support various technologies for the establishment of smart cities, given their general requirements. To promote this, GoI launched an initiative ‘Digital India’, which aims at providing services available digitally to citizens through improved digital infrastructure and internet connectivity in India. In addition, the Internet of Things Center of Excellence (IoT) was established to offer intelligent solutions for transport mechanisms, parking and waste management, among other things.

Providing Mobility Solutions

One of the main aims of smart cities is to create efficient urban mobility across the country. This involves promoting electric and shared mobility options, integrating intelligent transportation management systems, monitoring traffic on a real-time basis, and implementing smart parking solutions. All these operations use technology for the analysis of data and provide mobility solutions.

Skill Development and Capacity Building

The smart cities mission requires skilled labour to design, implement, and oversee various technologies. Skill development programs in areas such as data analytics, urban planning, IT, and sustainability are essential to support the growth of smart cities in India. Various initiatives are also undertaken under this mission to promote skill development and capacity building within the sector.

Collaborative Approach

The 'smart cities' mission demands cooperation from a range of stakeholders, including the public sector, private companies, startups, academic institutions, and individuals. Moreover, the partnerships between public and private contribute to the successful execution of smart city projects increasingly depend on public-private collaborations and open innovation methods.

Sustainability

One of the emerging industry trends in smart cities is the rise in the use of renewable sources. The increasing demand for sustainable energy has become important in recent times. The usage of solar panels, wind turbines, and electrical grids (smart grids) helps in minimizing carbon emissions and increasing energy efficiency.

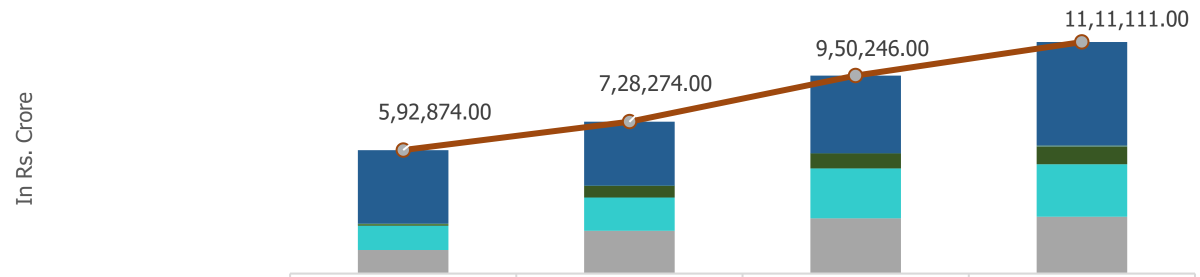
Further, this trend is also observed in the promotion of electric vehicles and the implementation of energy management systems.

11.3 Demand Drivers for Smart Cities

Continued Thrust on Construction and Infrastructure

One of the major drivers is the infrastructure investment thrust by the Government of India. In the Union Budget 2024-25, the government continued its focus on infrastructure development with budget estimates of capital expenditure toward the infrastructure sector of Rs. 11.11 lakh crore. Furthermore, continuous efforts by the Government of India to make the business environment convenient to operate and streamline the regulatory process will support the growth of investments in the infrastructure segment.

Chart 44: Key Infrastructure Sectors for Capital Expenditure in Budget 2024-25



	FY22	FY23	FY24	FY25
Others	3,53,250.69	3,06,085.10	3,72,710.52	4,97,817.59
Power	2,826.65	23.11	124.47	1,086.50
Ports	613.68	678.40	1,166.45	1,077.93
Oil & Gas	347.31	40.01	40.03	1,128.97
Telecom	5,253.53	56,205.29	71,679.00	85,758.86
Railways	1,17,270.54	1,59,256.15	2,40,000.00	2,52,000.00
Roads and Highways	1,13,311.60	2,05,985.94	2,64,525.53	2,72,241.15
Total	5,92,874.00	7,28,274.00	9,50,246.00	11,11,111.00

Roads and Highways Railways Telecom Oil & Gas Ports Power Others Total

Source: Union Budget Documents

Growing Infrastructure due to Rising Population

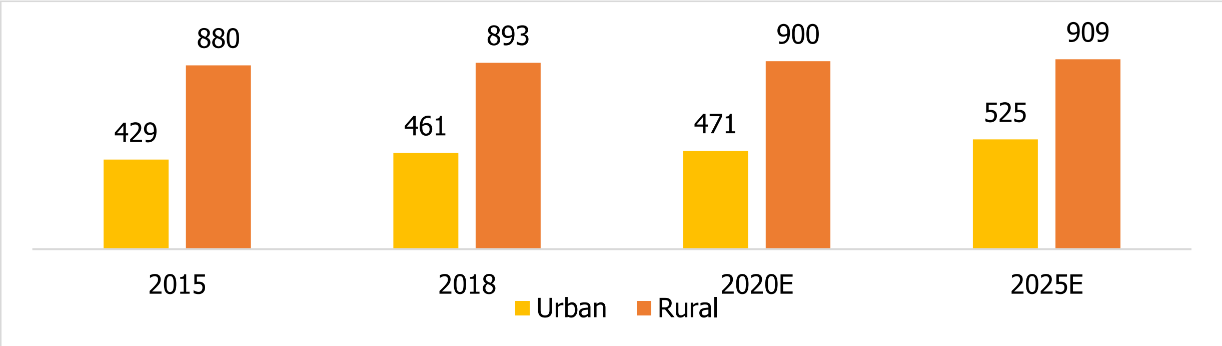
As per the United Nations – Population Division - Department of Economic and Social Affairs, the Indian age demographic has two-thirds of our population aged below 35. The share of people in the age group of 0-14 is 26.16%

while the share of the working-age population (15-65 years) is 67.27%.

The demand for new infrastructure is steadily increasing as the pace of urbanization is expected to increase with the government's focus on building new smart cities and a focus on Tier 2 cities, which have a population of around one million, and Tier 3 cities, which have a population of less than one million. Thus, CareEdge Research expects that surging growth and employment in these cities will prove to be a significant driver for people in the rural and semi-urban areas to shift to Tier 2 and Tier 3 cities.

Moreover, the Indian economy has experienced steady growth in the past decade and is expected to be one of the fastest-growing economies in the post-pandemic era. India's urban population is expected to reach over half a billion by 2025 from an estimated 461 million in 2018. Rising income and employment opportunities have led to migration to urban areas thereby creating a greater need for real estate in major Indian cities. The growth in the economy coupled with increased urbanization to expected to boost the demand for the housing industry.

Chart 45: Population Breakdown of India (in millions)



Source: Ministry of Home Affairs, CareEdge Research
Note: E means estimate

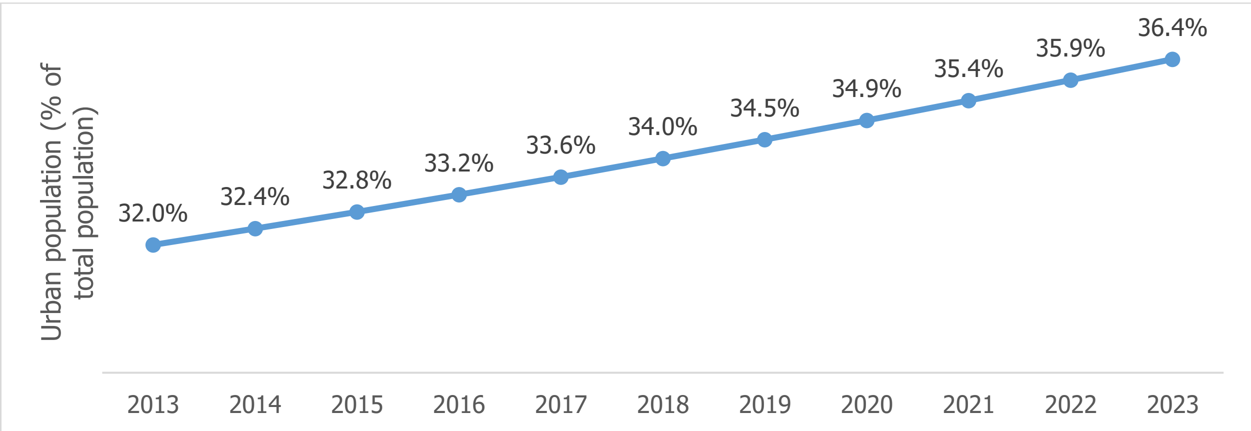
Increase in Urbanization

Rapid urbanization bodes well for the sector. India is the second-largest urban system in the world. Indian cities are home to about 11% of the total global urban population. Urban growth is expected to contribute to around 73% of the total population increase by 2036 according to the Ministry of Health and Family Welfare (MoHFW), 2019.

According to the Census of India 2011, India has an urbanization level of 31.1% which has only increased over the years. Earlier estimations indicate that about 416 million people will be added as urban dwellers in India between 2018 and 2050 according to a United Nations study dated 2018 and that India will be 50% urban by 2050 according to UN-Habitat, 2017.

Further, the growth in urbanisation will lead to increased demand for better urban infrastructure and resources. As a result, smart city solutions with respect to housing, water infrastructure, power, and transportation systems will cater to the needs of the rising population efficiently.

Chart 46: Urbanization Trend in India



Source: World Bank Database

Technological Advancements: Latest developments in technologies such as the Internet of Things (IoT) and artificial intelligence (AI) significantly contributed toward the growth of smart cities. These technologies help in the automation of various city functions, such as transportation, energy, waste management, etc., and bring efficiency to management.

Growing Awareness of Environment Sustainability: The growing need for sustainable development is increasing daily. One of the main objectives of the smart cities mission is to promote sustainable development by reducing the impact on the environment. Smart buildings, infrastructure, energy, and waste management systems can help in decreasing GHS (greenhouse gas) emissions and minimize power consumption. This will result in encouraging renewable energy sources.

Improvement in Quality of Life: The main aim of smart cities is to improve the quality of life of individuals by providing better services and infrastructure. Smart mobility, proper sanitization, water supply systems, advanced IT solutions, better healthcare facilities, and digitalization will give rise to comfortable living, convenience, safety, and well-being of citizens.

Opportunities for Employment: The building of smart cities will lead to more employment. This mission will help in creating employment opportunities for individuals across the country. As a result, the growth rate of unemployment will eventually decline.

Support from Government: The Government of India understands the importance of smart cities in the country. Various initiatives are taken under this mission to support development. Some of the initiatives include Smart Cities Open Data Initiative, Smartnet, The Urban Learning Internship Program (Tulip), National Urban Innovation Stack (NUIS), National Urban Digital Mission, ICT standards for smart cities, Data smart cities, capacity-building frameworks on the National Urban Learning Platform (NULP), etc.

11.4 Key Challenges

Rising Cybersecurity Concerns: Smart cities involves the collection and analysis of large data, which is prone to security and privacy concern. The usage of the technologies is associated with risks such as data breaches and cyber-attacks. Hence, it gets difficult to keep a constant check on such threats and ensure there is transparency. There are many techniques that prevent these attacks, such as biometrics and encryption. However, the systems are still not secure. Furthermore, hackers are now able to outsmart the security algorithms that are currently in place with the latest technologies like artificial intelligence and machine learning.

Huge Financing Costs: Generally, large funds are required in developing a smart infrastructure as it involves huge costs. The government's focus on enhancing the country's digital supremacy to support optic fibre networks, sensor systems, urban planning, and advancements in modern technology requires large financial resources. Also, it can be challenging to ensure the scalability of used technologies and integrate them with the current infrastructure.

11.5 Government Initiatives

On 25th June 2015, the Government of India launched the smart cities mission (SCM) to develop 100 cities as Smart Cities. 100 Smart Cities have been completed through 4 rounds of selection from January 2016 to June 2018.

This mission was developed under Union Ministry of Urban Development- the Minister of State for Housing & Urban Affairs (MoHUA) and is responsible for implementing the mission in collaboration with the state governments of the respective cities.

Further, under this mission, the government has developed 22 initiatives for the welfare and success of the programme. They are as follows:

- Indian Urban Pandemic Preparedness and Response (COVID-19
- Capacity building frameworks on the National Urban Learning Platform (NULP)
- Cities Investments to Innovate Integrate and Sustain (CITIIS)
- City Innovation and exchange (City INX)
- ClimateSMART Cities Assessment Framework
- Consultation Paper on City GDP Measurement Framework
- Data Smart Cities
- Data Maturity Assessment Framework (DMAF)
- Ease of Living Index (EoI) and Municipal Performance Index (MPI)

- ICT Standards for Smart Cities
- India Cycles for Change (IC4C) Challenge
- India Smart Cities Awards Contest (ISAC)
- India Smart Cities Fellowship (ISCF)
- India Urban Data Exchange (IUDX)
- India Urban Observatory (IUO)
- National Urban Digital Mission
- National Urban Innovation Stack (NUIS)
- Nurturing Neighbourhoods Challenge
- Smart Cities Open Data initiative
- Smartnet
- Streets for People Challenge
- The Urban Learning Internship Program (Tulip)

Latest updates on the mission:

- The smart cities mission under Urban Rejuvenation Mission has been allocated Rs. 8,000 crores in the union budget 2023-24 and Rs. 2,400 crores in budget 2024-25.
- As of 24th July 2024, 90% of the total projects have been completed which involved investments upto Rs. 1,45,211 crores while the remaining 10% are under progress.
- The Union Ministry of Urban Development has been initially given the timeline to complete the projects in between 2019 and 2023. However, the Government of India has extended the period upto 31st March 2025 and all the remaining projects are expected to complete within the stipulated time.

12. Manufacturing Plants

12.1 Overview

India is one of the world's fastest-growing economies in the world. As of March 2024, the manufacturing sector in India accounts for nearly 17.3% of the total GVA of the industry. The manufacturing sector plays an important role in the economic growth and development of the country. Some of the key industries with significant manufacturing plants in India include pharmaceuticals, automobiles, textiles, chemicals & petrochemicals, electronics, consumer goods, and capital goods.

Table 18: Yearly Estimates of GVA at Basic Prices (2011- 12) (Rs. Crore)

Particulars	FY22	FY23	FY24	FY23 vs FY22 Y-o-Y (%)	FY24 vs FY23 Y-o-Y (%)
Manufacturing	25,61,033	25,04,663	27,51,680	-2.2%	9.9%

Source: MoSPI

The manufacturing sector increased by 9.9% in FY24 as compared to its previous year FY23. Both the manufacturing and construction sectors contributed significantly towards the industrial growth. Sub-industries under manufacturing such as pharma, rubber, plastic, non-metallic mineral products, metals, etc., recorded higher growth in production during the year. This, in turn, supported the momentum in the manufacturing sector.

The strength of manufacturing is further supported by the healthy performance of the India PMI for manufacturing, which has constantly been well over the threshold value of 50. This demonstrates the sustained expansion and stability in India's manufacturing sector. Moreover, manufacturing has been boosted by lower input costs alongside steady domestic demand.

Top of Form

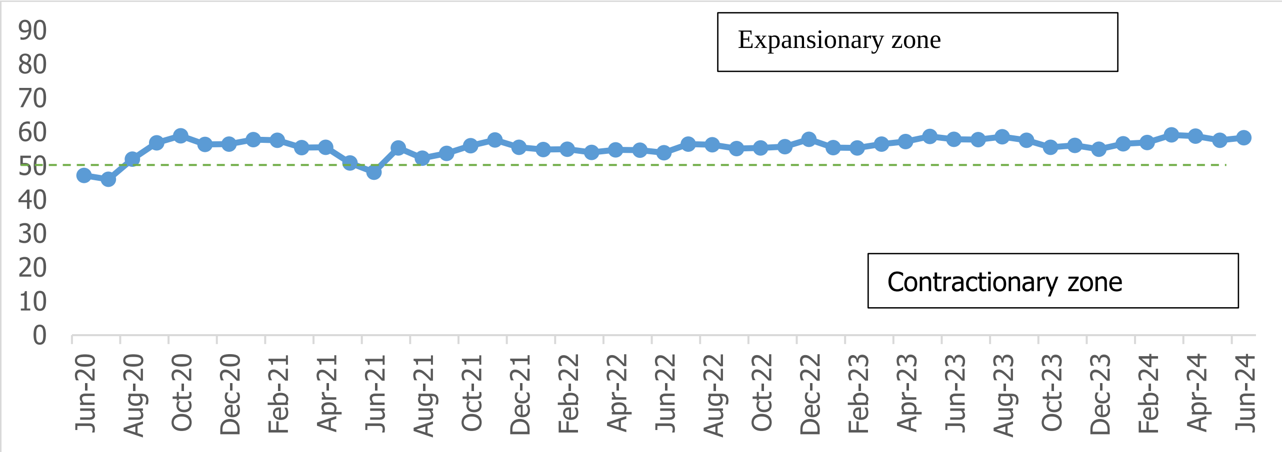
Purchasing Managers' Index (PMI):

The PMI manufacturing witnessed a declining trend during FY21 due to the pandemic, and as a consequence, the manufacturing activities were affected. During April 2020 to July 2020, the manufacturing PMI was the lowest and fluctuations gradually decreased throughout the year on account of improvement in demand.

At present, the PMI manufacturing remains in expansionary zone as the index value has been above 50 which reflects positive sentiments around the sector.

India's manufacturing activity as per PMI manufacturing continued to expand in June 2024 and stood at 58.3 on account of increased demand for industrial products.

Chart 47: Trend in Purchasing Managers' Index



Source: HSBC Manufacturing PMI, S&P Global Manufacturing PMI, Markit Manufacturing PMI

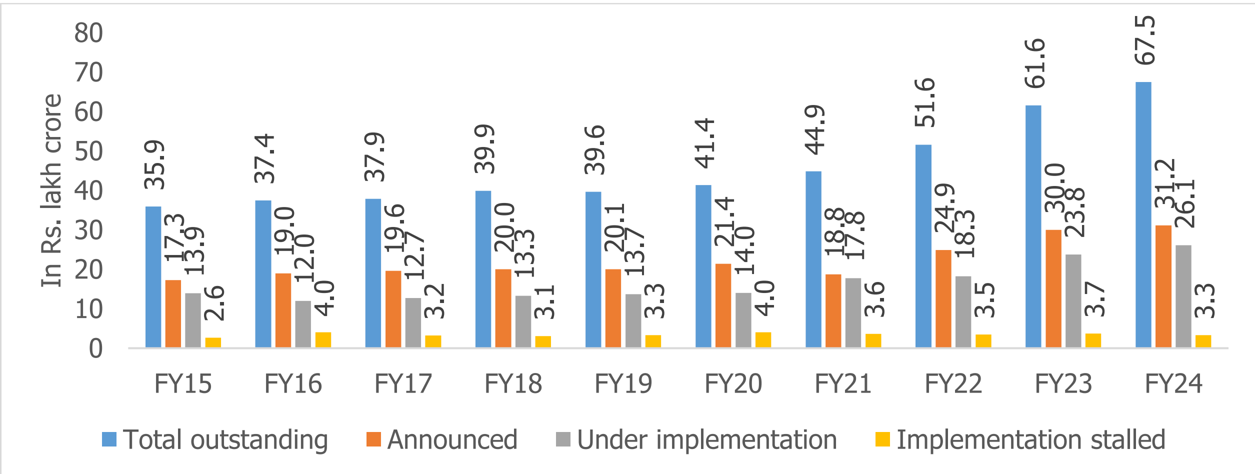
12.2 Investments in Manufacturing Sector

The total outstanding investments made in the projects undertaken in manufacturing sector grew with a CAGR of about 7.3% to Rs. 67.5 lakh crore in FY24 from Rs. 35.9 lakh crore in FY15.

During FY24, the value of total investments that have been announced totaled to Rs. 31.2 lakh crore, while those under implementation amounted to Rs. 26.1 lakh crore.

The value of outstanding investments during FY24 accounted to Rs. 67.5 lakh crore, an increase of 9.6% on a y-o-y.

Chart 48: Trend in Investments made in Manufacturing Sector over the past 10 years



Source: CMIE

12.3 Industry Trends in Manufacturing Plants

Technological Advancements

The continuous innovation and integration of digital technologies such as artificial intelligence, the Internet of Things, data analytics, etc., in the manufacturing sector are increasing as they give rise to efficient and smart-oriented solutions. The recent adoption of automation and robotics by manufacturing plants to enhance operations in terms of productivity, efficiency, and quality is driving the industry. This will help companies optimize resource utilization, reduce labour costs, and minimize the time taken, leading to overall improvement in the production process.

Sustainability Initiatives

The move toward sustainability practices is driving the trend in the industry. The growing emphasis on sustainable manufacturing practices and awareness is contributing towards the growth of the economy. Manufacturing plants in the country are focusing on the implementation of energy-efficient processes, reduction of waste generation systems, and limitation of carbon emissions. Furthermore, investors keep track of the ESG compliance of the companies and are interested in investing in those companies that follow ESG practices.

Increase in Customization

The continuous change in the preferences of consumers is leading to an increase in demand for customized products and services in various sectors. The manufacturers are continuously modifying their products and are adapting to the requirements. This also involves using technologies for manufacturing. Advancements in manufacturing processes to meet the demand for the goods desired by the customers are driving the trend in the industry and are contributing to the rise in manufacturing activities.

Shift towards Renewable Energy

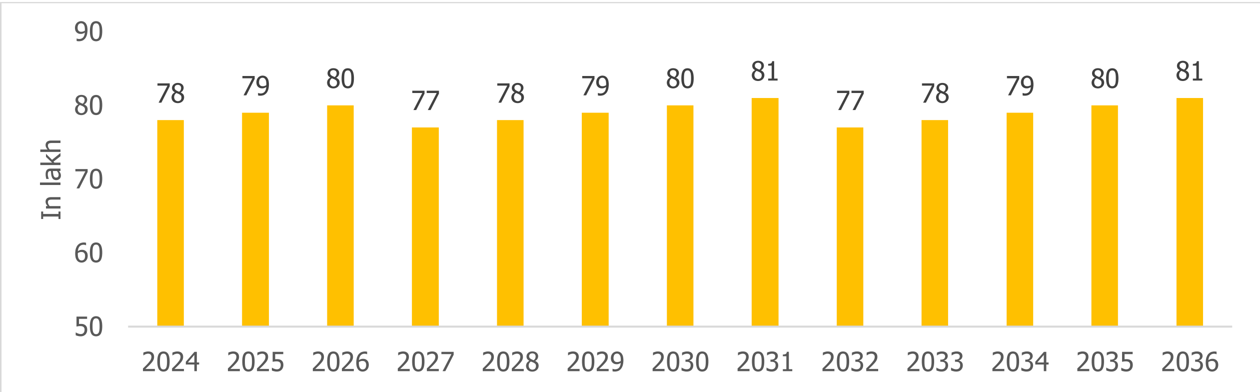
The gradual shift from traditional processes to renewable processes in manufacturing facilities is driving the industry. The government will leverage investments in the manufacturing sector in the coming years to foster continuous efforts to reduce operational costs and environmental footprint in India.

Employment Creation

The rapid evolvement in the manufacturing landscape and expansion plans by many companies will lead to the generation of employment in the country. Additionally, global companies are also planning to set up their manufacturing plants and are expected to bring more job opportunities for individuals in India. According to the Economic Survey 2021-22, in spite of COVID-related disruptions, there has been a trend of positive overall growth of Gross Value Addition (GVA) in the manufacturing sector. The total employment in this sector has increased from 57 million in the year 2017-18 to 62.4 million in the year 2019-20.

In the Economic Survey 2023-24, as per The Annual Survey of Industries (ASI) 2021-22, employment in the organized manufacturing sector returned to pre-pandemic levels and continued its upward trajectory with the employment per factory continuing its pre-pandemic rise. Further, as per the estimates *of Ministry of Health and Family Welfare* (MoHFW), the opportunity for new jobs is going to rise till 81 lakh by 2036.

Chart 49: New Job Opportunities till 2036



Source: Economic Survey 2023-24

12.4 Demand Drivers

Growing Population

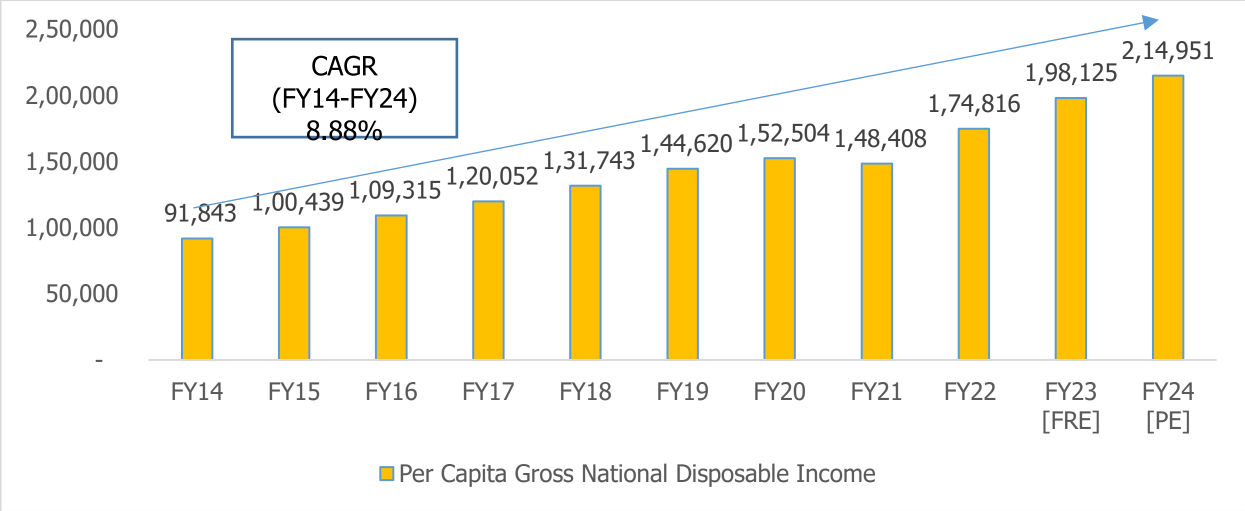
The Indian economy has experienced steady growth in the past decade and is expected to be one of the fastest-growing economies in the post-pandemic era. India's urban population is expected to reach over half a billion by 2025 from an estimated 461 million in 2018.

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

Increasing Purchasing Power

The need for manufacturing facilities to manufacture a variety of goods in order to meet the growing demand is fueled by the increasing disposable income. The rising disposable income, which has grown at a CAGR of 8.88% between the period FY14 to FY24, is expected to lead to an increase in demand for manufacturing plants in India. The purchasing power of the consumer increases when there is a rise in per capita income. As a result, it will lead to higher demand for goods and services.

Chart 50: Per Capita Gross National Disposable Income



Source: MOSPI
Note: FRE – First Revised Estimates, PE – Provisional Estimate

Increase in Urbanization

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

Development of Infrastructure

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

Competitiveness among Global Players

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

Opportunities in Export Market

India is known for its export of textiles, automobiles, pharmaceuticals, electronics, oil meals, petroleum products, engineering equipment, etc. Despite persistent global challenges, the overall exports (Merchandise and Services) from India totalled USD 778 billion in FY24, a marginal increase of 0.2% as compared to FY23. Out of which, merchandise exports amounted to USD 437.1 billion, registering a decline of around 3% on a y-o-y owing to sluggish global demand and persistent geopolitical tensions. In FY24, the key drivers of merchandise export growth include electronic Goods, drugs & pharmaceuticals, engineering goods, iron ore, cotton yarn/fabs./made-ups, handloom products etc. and ceramic products & glassware. However, the opportunities in the export market will continue to aid the growth and expansion of manufacturing activities.

Policy Support from the Government

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

12.5 Key Challenges

Rigid Regulatory Framework

The regulatory system in the country can be challenging for the manufacturers as several approvals and licenses are required for setting up a manufacturing plant. This can result in delays and higher compliance costs. Also, the policy frameworks are subject to constant changes and involve complex procedures discouraging investors and may result in lower investments in projects. In addition, the customs duties and taxes also impact the competitiveness of Indian products in the international market. Various tax reforms and bans on export goods can lower export volumes and may result in a decrease in manufacturing activities.

Financing Cost

The cost of capital is high in manufacturing facilities. It is difficult for manufacturers to set and operate their plants with access to low finance. Moreover, the interest rates offered by the financial institutions is usually high and it can be a time-consuming process to avail the loan facility particularly for micro, small and medium-sized enterprises (MSMEs).

Environmental Regulations

Another challenge for manufacturing plants in India is compliance with respect to environmental regulations. Manufacturing of goods in factories generates waste and releases pollutants in the environment. In order to combat that, companies need to invest in pollution control measures. These manufacturing plants need to obtain environmental clearances for both new projects and old projects that have expansion plans. This process usually is cumbersome as the companies need to get approval from the concerned authorities and this may cause delays in the execution of the projects.

Adoption of Latest Technologies

In India, the adoption of the latest technologies available and automation is relatively low. Many manufacturing plants are not well-equipped with new technology processes even though they result in cost optimization and good margins. Large companies have the capability to adopt advanced technologies while MSMEs have limited access to these technologies as they involve huge costs. The advancement in technology still remains a challenge for manufacturers lacking enough funds.

Global Slowdown

According to International Monetary Fund (IMF), the global economic growth for CY24 is estimated to continue at the same pace as CY23, i.e., 3.2%. This is largely because of the turbulence in the financial sector, tightening monetary policies, withdrawal of fiscal support, persistent inflation and hikes in interest rates. Moreover, exports to other countries may be impacted owing to the recession, inflationary pressures, geo-political tensions, supply chain disruptions, etc., across the world and can hamper the growth of the export market. As a consequence, there will be a decrease in production activities.

12.6 Recent Government Initiatives

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

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

Atmanirbhar packages, introduction of Production Linked Incentive (PLI) Scheme in various Ministries, investment opportunities under National Infrastructure Pipeline (NIP) and National Monetisation Pipeline (NMP), India Industrial Land Bank (IILB), Industrial Park Rating System (IPRS), soft launch of the National Single Window System (NSWS), etc. have been implemented by the GoI to improve the economic situation and convert the disruption caused by COVID 19 into an opportunity for growth. An institutional mechanism to fast-track investments has been put in place, in the form of Project Development Cells (PDCs) in all concerned Ministries/ Departments of Government of India.

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

Industrial Corridor Development Programme: The GoI has adopted the strategy of developing Industrial Corridors in partnership with State Governments to accelerate growth in manufacturing. The objective of this programme is to develop Greenfield Industrial regions/areas/nodes with sustainable infrastructure & make available Plug and Play

Infrastructure at the plot level. As part of National Industrial Corridor Program, 11 Industrial Corridors are being developed in 4 phases.

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

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

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

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

Production Linked Incentive Scheme: Keeping in view India's vision of becoming 'Atmanirbhar', Production Linked Incentive (PLI) Schemes for 14 key sectors have been announced with an outlay of Rs. 1.97 lakh crore to enhance India's Manufacturing capabilities and Exports. These schemes have potential for creation of high production, economic growth, exports and significant employment in the coming years. In the latest budget 2024-25 (July 2024), the overall PLI allocation for all sectors has significantly increased by 77% y-o-y to Rs.14,183 crores in FY25 from Rs. 8,007 crores in FY24.

Indian Footwear and Leather Development Programme (IFLDP): The Central Government has approved the Central Sector Scheme IFLDP in January, 2022 with an allocation of Rs.1,700 crore till 31.03.2026 or till further review, whichever is earlier.

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

One District One Product (ODOP): The Government has launched another initiative in 2018 which aims at fostering balanced regional development across all districts of the country. The initiative aims to select, brand, and promote at least One Product from each District (One District - One Product) of the country for enabling holistic socioeconomic growth across all regions. The ODOP Initiative has identified a total of 1,102 products from 761 districts across the country.

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

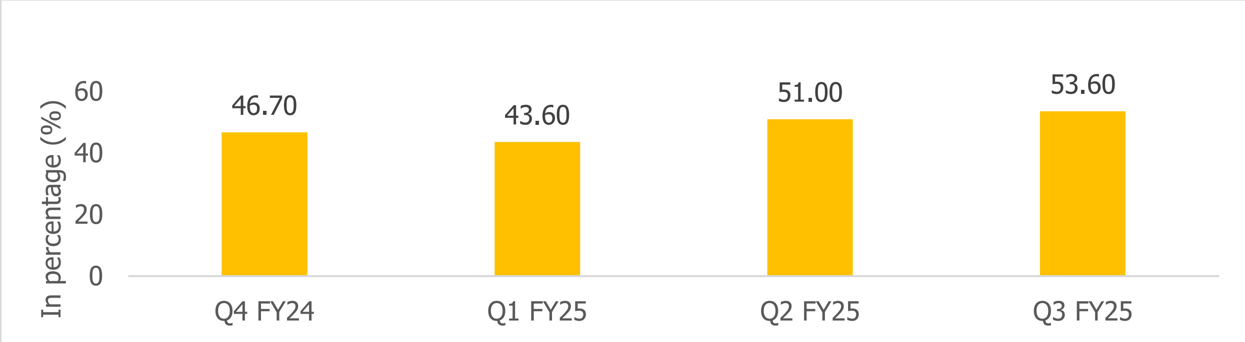
12.7 Outlook

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

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

During FY24, manufacturing activity continued to grow steadily from the previous year, as indicated by the Manufacturing PMI consistently remaining in the expansionary zone. This was bolstered by strong demand conditions, leading to increased output. Additionally, the expansion of the PLI scheme and the establishment of globally competitive manufacturing base across several product categories is anticipated to drive substantial growth in manufacturing activities, thereby fostering economic growth. This is also expected to reduce India's trade deficit in the coming years.

Chart 51: Capacity Utilization in Manufacturing Sector



Source: RBI

Moreover, the rebound in domestic consumption led by improved demand has also led to a rise in domestic capacity utilization. During Q4 FY24, the capacity utilization in the manufacturing sector stood at 46.7% and is expected to increase at 53.6% by Q3 FY25, indicating a potential growth in the sector.

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

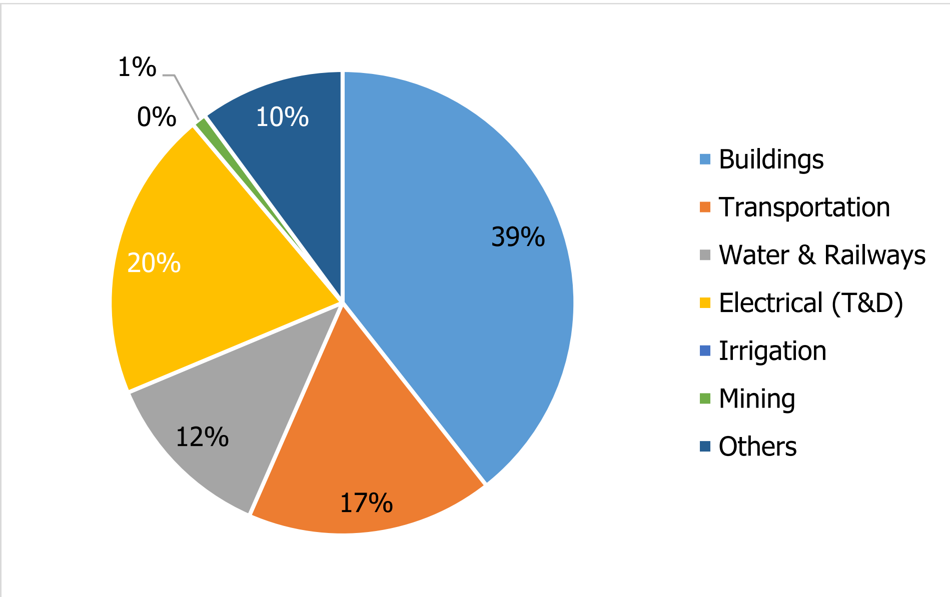
13. Competitor analysis of key listed players

13.1 NCC Ltd

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

The consolidated order book is robust at Rs. 57,536 crores as on March 31st, 2024. Key segments like Buildings, Transportation, Water & Railways, and Electrical form around 88% of the order book.

Order Book composition as on March 31[st], 2024:



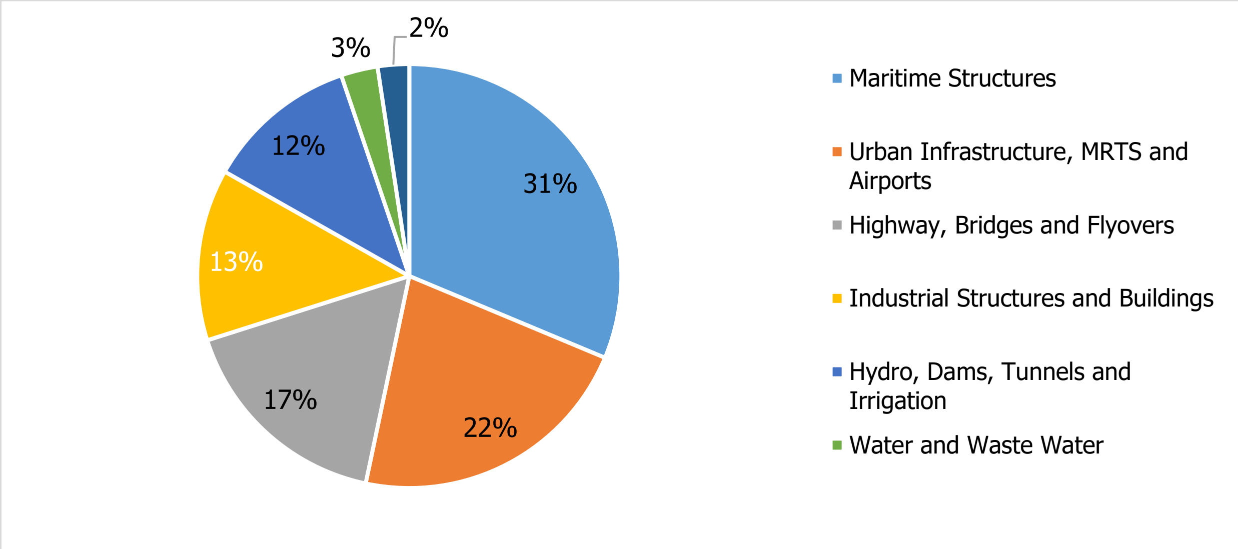
Source: Company Disclosures

13.2 ITD Cementation India Ltd

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

The consolidated order book stands at Rs. 19,918 crores as on March 31st, 2024. It comprises Urban Infrastructure, MRTS and Airports, Highways, Bridges and Flyovers, Maritime Structures and Industrial structures, and Buildings forming ~83% % of the order book as of March 31st, 2024.

Order Book composition as on March 31st, 2024:



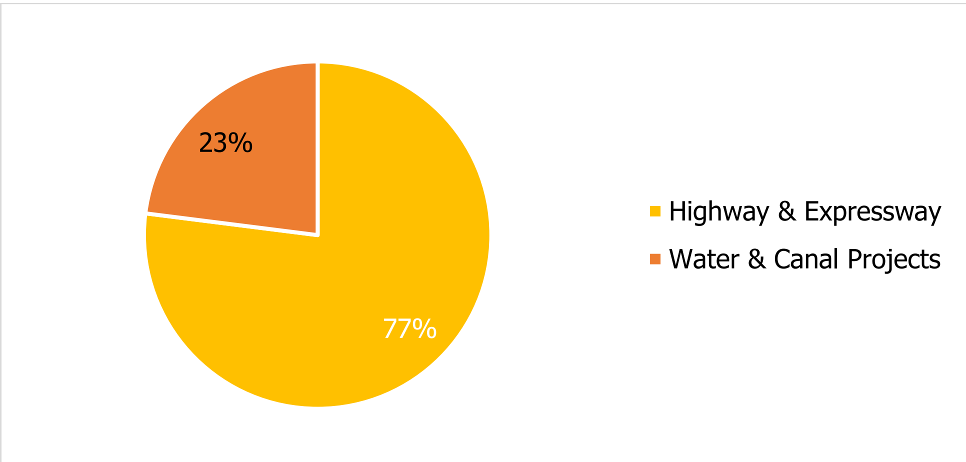
Source: Company Disclosures

13.3 PNC Infratech Limited

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

As of March 31, 2024, the company's unexecuted order book was Rs. 20,400 crores.

Order Book composition as on March 31st, 2024:



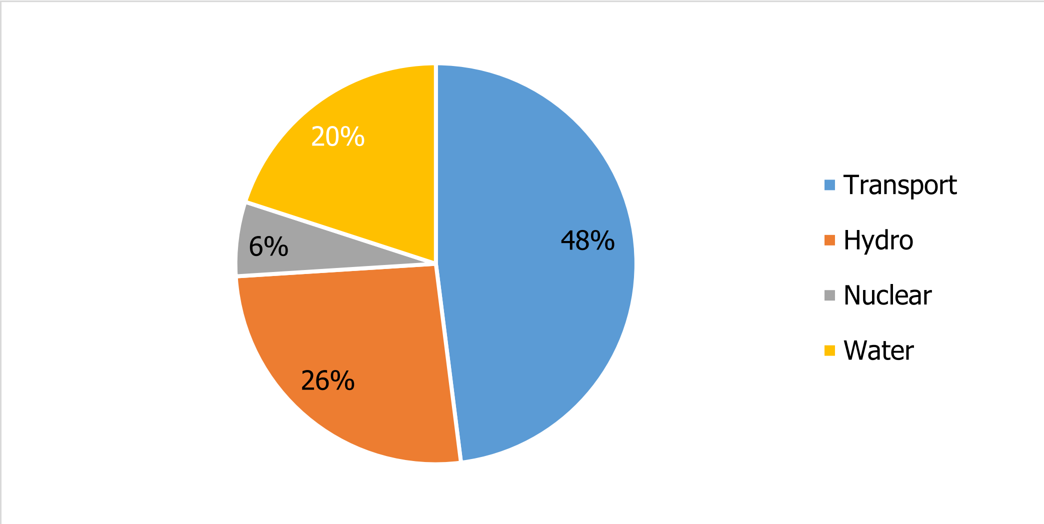
Source: Company Disclosures

13.4 Hindustan Construction Company Ltd.

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

The order backlog position of the company as of March 31st, 2024 is around Rs. 10,475 crores and it is spread largely across the transport sector, followed by Hydro, Water and Nuclear projects.

Order Book composition as on March 31st, 2024:



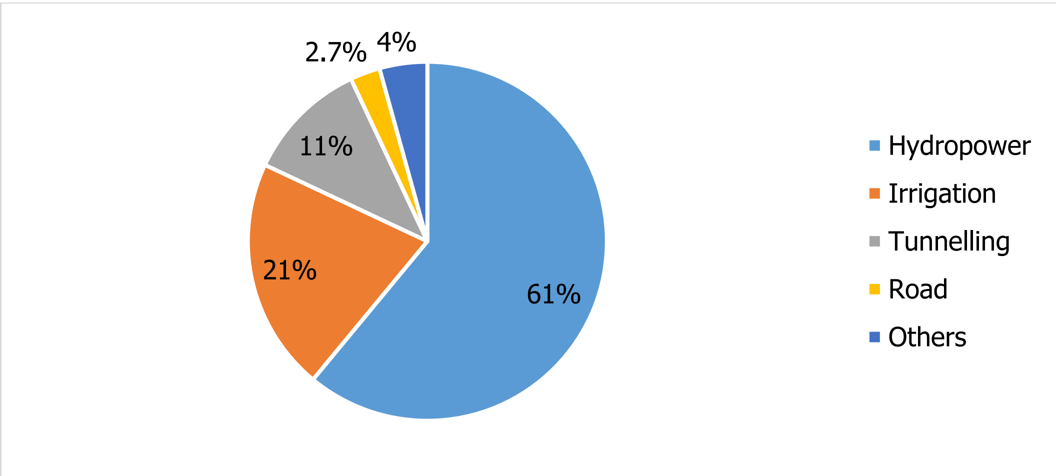
Source: Company Disclosures

13.5 Patel Engineering Ltd.

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

The company's order book stands at about Rs. 18,600 crores as of March 31st, 2024 with Hydropower (61%), Irrigation (21%) and Tunnel (11%) comprising a major chunk.

Order Book composition as on March 31st, 2024:



Source: Company Disclosures

Table 19: Financial Analysis as on March 31st, 2023 (In Rs. Crores)

Particulars	NCC Ltd	ITD Cementation India Ltd	Hindustan Construction Company Ltd	PNC Infratech Ltd	Patel Engineering
FY23	**Consolidated**				
Net Sales	15,553	5,091	9,857	7,956	4,202
EBITDA	1,458	400	577	2,543	625
EBITDA Margin (%)	9.4%	7.9%	5.9%	20.1%	14.9%

Particulars	NCC Ltd	ITD Cementation India Ltd	Hindustan Construction Company Ltd	PNC Infratech Ltd	Patel Engineering
Total Equity	6,485	1,241	-714	4,285	2,976
ROCE (%)	17.6%	14.6%	9.8%	12.8%	15.2%
Asset Turnover (times)	0.9	1.0	0.7	0.6	0.5
Current Ratio (times)	1.3	1.0	1.1	1.7	1.4
Year of Incorporation	1990	1978	1926	1999	1949

Source: Company Disclosures

Table 20: Financial Analysis as on March 31st, 2024 (In Rs. Crores)

Particulars	NCC Ltd	ITD Cementation India Ltd	Hindustan Construction Company Ltd	PNC Infratech Ltd	Patel Engineering
FY24	**Consolidated**				
Net Sales	20,845	7,718	7,007	8,650	4,544
EBITDA	1,769	745	671	2,005	690
EBITDA Margin (%)	8.5%	9.7%	9.6%	23.2%	15.2%
Total Equity	6,812	1,498	-168	5,185	3,162
Asset Turnover (times)	1.2	1.4	0.6	0.6	0.5
Current Ratio (times)	1.3	1.1	1.2	2.1	1.4

Source: Company Disclosures

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read the section titled "Forward Looking Statements" on page 16 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our Company's strengths and its ability to successfully implement its business strategies may be affected by various factors that have an influence on its operations, or on the industry segment in which our Company operates, which may have been disclosed in the section titled "Risk Factors" on page 44. This section should be read in conjunction with such risk factors.

Unless otherwise indicated, industry and market data included in this section has been derived from the CARE Report. This section should be read in conjunction with the "Industry Overview" on page 130. Neither we, nor the BRLMs, nor any other person connected with the Issue has independently verified this information. Our Financial Year ends on March 31 of each year, and references to a particular Financial Year are to the 12- month period ended March 31 of that year.

Unless otherwise stated, or the context otherwise requires, the financial information for Fiscals 2024, 2023 and 2022 used in this section is derived from our Audited Consolidated Financial Statements and for the periods ended September 30, 2024 from our Unaudited Consolidated Financial Results included in this Preliminary Placement Document in the section titled "Financial Information" on page 279.

Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to our Company along with our Subsidiaries and Associates, on a consolidated basis. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" on pages 44, 130, and 101, respectively, as well as the financial and other information contained in this Preliminary Placement Document. Additionally, please refer to the section titled "Definitions and Abbreviations" on page 21 for certain terms used in the following section.

Overview

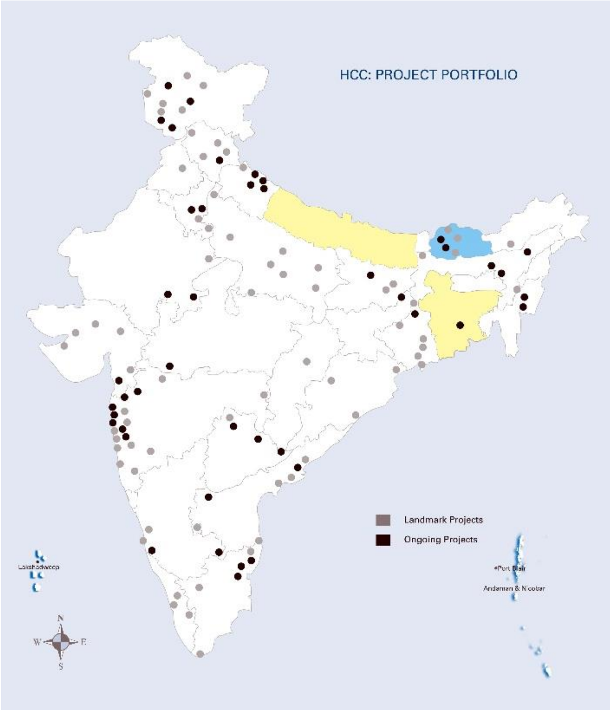
We are an engineering and construction company in India, engaged in construction activities which include roads, bridges, ports, railway tunnels, metro projects, power stations, water supply and irrigation projects, and one of the oldest infrastructure development companies in India (*Source: CARE Report*).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

Over the years we have built various projects ranging from high quality roads and railway tunnels in Jammu and Kashmir to nuclear power plants in Rajasthan in addition to various metro stations, hydropower projects, water solutions, buildings, dams and bridges.

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

We have a robust clientele comprising various Central Government and State Government agencies such as the National Highway Authority of India ("**NHAI**"), National Hydroelectric Project Corporation ("**NHPC**"), IRCON International Limited ("**IRCON**"), Ministry of Road Transport and Highways ("**MoRTH**"), Tehri Hydro Development Corporation India Limited ("**THDCIL**"), Nuclear Power Corporation of India Limited ("**NPCIL**"), Government of Andhra Pradesh (Public Works Department) ("**GoAP-PWD**") and Delhi Metro Rail Corporation Limited ("**DMRC**"). As of September 30, 2024, majority of our Order Book comprised projects undertaken with the Central Government, State Government or other government undertakings.

The following is the geographical representation of some of our landmark projects and ongoing projects across India, as on the date of this Preliminary Placement Document.



Details of our projects

As of September 30, 2024, we have a total order book of ₹ 9,772.88 crore on a standalone basis and an order book of ₹ 11,355.05 crore on a consolidated basis. As of September 30, 2024, the breakdown of our Order Book for engineering and construction vertical and the real estate construction vertical, is provided below:

Vertical	Amount of Order Book (in crore)	Percentage of Order Book
Hydropower projects	2,503.07	22.04%
Transportation	4,624.53	40.73%
Water supply and irrigation	2,170.28	19.11%
Nuclear power and special projects	474.99	4.18%
Real estate construction	1,582.17	13.93%
TOTAL	**11,355.05**	**100.00%**

In the last three financial years and till the six months ended September 30, 2024, we have completed 20 projects across the engineering and construction and infrastructure development verticals with a cumulative executed value of ₹ 18,547.90 crore.

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

Engineering and Construction

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

We boast a large and sophisticated fleet of complex and advanced construction equipment, which provides us with the industrial bandwidth to meet majority of the requirements of our ongoing projects. As of September 30, 2024, we maintained a fleet of 2255 major construction equipment worth ₹154.73 crore (WDV value), that enabled us to undertake multiple projects simultaneously without having to compromise on the quality in any of the ongoing projects such as Vishnugad Pipalkoti hydropower project and Tehri pumped storage in Uttarakhand, Mumbai metro – Line 3 – UGC02, Bhabha Atomic Research Centre nuclear project in Tarapur, Maharashtra, Imphal road project in Manipur and FRFCF nuclear project in Tamil Nadu.

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

Transport – We have built around 4,036 kilometres of roads and over 395 bridges across the country and are also involved in construction of railway and metro rail projects. As of September 30, 2024, our Order Book of the transportation vertical was ₹ 4,624.53 crore. Some of our key completed projects, include the Bandra-Worli sea link in Mumbai, Maharashtra, Pir Panjal tunnel between Qazigund in the Kashmir valley and Banihal in the Jammu region, more than 100 kilometre four-lane road in Lucknow Muzaffarpur region and the rail-cum-road bridge at Bogibeel in Assam. Additionally, some of our key ongoing projects, include *inter alia* the Anji Khad cable stay railway bridge in Jammu and Kashmir, Mumbai metro – Line 3 – UGC02 in Maharashtra and T49 and T13 tunnels in Jammu and Kashmir and the coastal road project in Mumbai, Maharashtra.

Hydropower – Our Company is one of the leading companies in construction and execution of hydro power projects in India. Over the years, our Company has executed various challenging projects across India resulting into significant pre-qualification capabilities, which has enabled our Company to offer a wide gamut of services in the hydro power vertical. As of September 30, 2024, our Order Book in the hydropower vertical stood at ₹ 2,503.07 crore. Some of our key completed projects, include the Chutak and Nimoo Bazgo hydroelectric projects and the recently completed, Kishanganga hydropower project in Jammu and Kashmir, which has been one of the most challenging projects of our Company. Additionally, some of our key ongoing projects, include *inter alia*, the Punatsangchhu hydroelectric project in Bhutan, Vishnugad Pipalkoti hydropower project, Tehri pumped storage and Tapovan Vishnugad hydropower project projects in Uttarakhand.

Nuclear Power and special projects – Our Company is one of the leading companies in construction of nuclear power generation projects in India and has contributed to around 60% of India's nuclear power generation capacity (*Source: CARE Report*). Our Company specializes in pre-stressed containment structures for reactor buildings, breakwater structure and intake works for cooling systems and is also gearing up to provide integrated solutions in the nuclear power sector as well. As of September 30, 2024, our Order Book in the nuclear and special projects vertical was ₹474.99 crore. Some of our key completed projects, include the Kudankulam nuclear power plant in Tamil Nadu, Rajasthan atomic power plant – Unit 1 to 6 and the Kakrapara atomic power plant in Gujarat. Additionally, some of our key ongoing projects, include *inter alia* construction of nuclear reactors in the Rajasthan atomic power plant – Unit 7 and 8, construction of buildings and allied facilities in Tamil Nadu and integrated nuclear recycle plant of Bhabha Atomic Research Centre ("**BARC**") at Tarapur, Maharashtra.

Water supply and irrigation – We believe that we have the potential to efficiently execute water treatment plants, sewage treatment plants, pipelines, large lift irrigation projects and tunnelling contracts in the irrigation sector. As of September 30, 2024, the Order Book in the water supply and irrigation vertical was ₹ 2,170.28 crore. Some of our key completed projects, include *inter alia* the Farakka bridge in West Bengal, Saurashtra branch canal in Gujarat and Godavari lift irrigation scheme in Telangana. Additionally, some of our key ongoing projects, include the Bistan lift irrigation project in the Khargone region in Madhya Pradesh, Pranahita Chevella project in Telangana and Parwan gravity dam project in Rajasthan.

Infrastructure Development

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

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

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

Few of our key completed projects include the Nirmal Annuity BOT Project (part of National Highway 7) in Andhra Pradesh, the Badarpur Faridabad Elevated Expressway (part of National Highway 2) in the Delhi NCR region and the Dhule Palesnar Tollway (part of National Highway 3) connecting Agra and Mumbai.

Real Estate construction

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

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

Our Competitive Strengths

We believe we have the following competitive strengths:

Strong execution and implementation capabilities with an established track record

We have demonstrated strong project execution capabilities consistently over a period of time and have an established track record in the construction industry spanning over nine decades. Historically, our focus has been on large-scale, complex and high value projects. Owing to our vast experience and having completed high value, technologically advanced and technically complex projects, we believe that we are in a position to meet the pre-qualification requirements necessary to enter the competitive bidding process for potential heavy infrastructure sectors and the associated projects. For instance, we are nearing completion of the Anji Khad bridge in Jammu and Kashmir which is India's first railway cable stay bridge. The bridge is a part of the Udhampur-Srinagar-Baramulla Railway line project in Jammu and Kashmir and connects Katra to Reasi. The bridge is an engineering marvel which crosses the deep gorges of Anji Khad, a tributary of river Chenab and faces very high-speed winds. The central pylon of the bridge is 193 meters tall and the total length of the bridge is 725 meters which includes a 473 meters long asymmetric cable stay bridge.

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

Robust Order Book

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

As of September 30, 2024, we have a total order book of ₹ 9,772.88 crore on a standalone basis and an order book of ₹11,355.05 crore on a consolidated basis. Furthermore, as of September 30, 2024, majority of our Order Book comprised projects undertaken with the Central Government, State Government or other government undertakings and separately, 22.04% of our Order Book was attributable to our hydro power projects, 40.73% to our transportation projects, 19.11% to our water projects, 4.18% to our nuclear power and special projects and 13.93% to real estate construction.

Vertical	Amount of Order Book (in crore)	Percentage of Order Book
Hydropower projects	2,503.07	22.04%
Transportation	4,624.53	40.73%
Water supply and irrigation	2,170.28	19.11%
Nuclear power and special projects	474.99	4.18%
Real estate construction	1,582.17	13.93%
TOTAL	**11,355.05**	**100.00%**

Large fleet of equipment and robust systems and processes

We boast a large and sophisticated fleet of complex and advanced construction equipment. Given the peculiar nature of certain works we undertake in the nuclear and hydropower sector, we also own critical equipment required to execute such projects. Having access to a wide range of equipment facilitates us to meet the varied requirements of our clients and of our ongoing projects. It has also enabled us to develop strong refurbishment capabilities and in-house fabrication facilities. We believe that such access provides a critical competitive advantage and edge in our industry, particularly, for the execution of large-scale projects. As of September 30, 2024, we maintained a fleet of 2,255 major construction equipment worth ₹154.73 crore, that enabled us to undertake multiple projects simultaneously without having to compromise on the quality in any of the projects.

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

Well-known brand name and long-standing client relationships

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

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

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

Highly experienced management team

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

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

As of September 30, 2024, we had around 1,013 employees on our payroll. Our senior management team is highly capable of managing the execution of various EPC projects that we undertake and also help in building long standing relationships with clients. Additionally, we enter into contracts with sub-contractors to engage workmen on a contract labour basis from time to time. Basis the demands of our workstreams, we deploy skilled and unskilled workmen from piece-rate workers and sub-contractors. On an average, we deploy around 9,209 workers on a monthly basis, ranging from fitters and carpenters to bar benders, foremen and plumbers. We ensure that our pool of workers comprise engineering and technical skills which are essential for the efficient and effective execution of our projects.

Improving track record of financial performance

Our Company has achieved profitability in its operations in India. Further, our revenue from operations in India from Fiscal 2022 to Fiscal 2024 has grown at a YoY rate of 13.00% from ₹4,720.72 crore to ₹5,327.82 crore. Such improving track record in our financial performance reflects significant growth of the business of our Company.

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

Strategic partnerships

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

Our business strategies

Focus on high value and complex projects

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

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

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

Additionally, we have also divested the general construction business in order to consolidate and strengthen the real estate construction business of Steiner AG. Steiner AG entered into a share purchase agreement dated December 4, 2023 with Demathieu Bard, a Company headquartered in France ("**Share Purchase Agreement**") for divestment of its 100% shareholding in Steiner Construction SA, an erstwhile step-down subsidiary of our Company for a consideration/ valuation of CHF 98 million (i.e. ₹ 928 crore) including a liability transfer of around CHF 60 million (i.e. ₹ 568 crore), resulting in the divestment of the entire interest of our Company in Steiner Construction SA. With effect from January 18, 2024, Steiner Construction SA has ceased to be a subsidiary of Steiner AG.

Improving the settlement of claims with our customers/lenders

We have increased our efforts to settle claims with our customers by setting up a senior management team to recover outstanding claims. In the Financial Year 2021, we had initiated conciliation talks with NHAI to generate liquidity in the face of prolonged arbitrations between our Company and NHAI and the costs associated with such arbitrations. We successfully completed conciliation with respect to 5 claims between NHAI and HCC Concessions Limited, an erstwhile subsidiary of our Company, and one conciliation between NHAI and our Company, and recovering a sum aggregating to ₹1,849 crore. The Company has also initiated similar processes in the Financial Year 2024 and Financial Year 2023, with its clients in the power sector, including NTPC and THDCIL. These claims involving two claims with THDCIL and one claim with NTPC are being settled through an Independent Engineer appointed under Dispute Avoidance Mechanism provision.

In the last decade, with the intent to improve the settlement of claims with lenders, our Company undertook the following resolution plan and restructuring schemes:

FY 2022 Resolution Plan

Our Company came up with a resolution plan dated June 18, 2021 ("**Resolution Plan**") in accordance with the RBI (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019, to revise the terms of its existing facilities and address the asset-liability timing mismatch on account of delayed realization of its arbitration awards and claims. The Resolution Plan, duly supported by 23 banks and financial institutions, pursuant to which our Company entered into the Framework Agreement, reduced a significant portion of our Company's debt along with commensurate assets from its balance sheet while also providing a resolution to the guarantee obligations of our Company with respect to the debt availed by Lavasa Corporation Limited ("**LCL")**, an erstwhile subsidiary of our Company.

The Resolution Plan gave us the freedom to focus on building our business with renewed confidence, by addressing a fundamental issue concerning delayed arbitration payments. Through the Resolution Plan, our Company was able to transfer lenders' liability aggregating to ₹2,854.40 crore along with beneficial economic interest in arbitration awards and claims aggregating to ₹6,508.44 crore with a carrying value of ₹2,894.11 crore as consideration to Prolific Resolution Private Limited, an erstwhile subsidiary and now Joint Venture of our Company. Our Company has also issued a corporate guarantee for the total debt carved out to Prolific Resolution Private Limited. Such debt carved out included devolved non-fund based facilities, interest overdues and unpaid bank guarantee commissions till the date of implementation of the Resolution Plan. The transferred debt carries a yield of 12.00% compounded annually and is to be repaid from the proceeds realized from the arbitration awards and claims so transferred. Further, this debt has been restructured as non-convertible debentures to be repaid over eight years, with payments due from the fourth year onwards and an equity upside sharing arrangement between the incoming investor and the lenders of our Company. Pursuant to such transfer, the debt in the books of our Company stood reduced to ₹3,575 crore, along with a significant reduction in the then outstanding interest to around ₹400 crore from around ₹950 crore. Additionally, our Company was also able to use the returned bank guarantees for new projects to generate additional operating cashflows.

Our Company had provided put options and corporate guarantees aggregating to ₹1,183 crore as of September 30, 2018 to the lenders of LCL. Due to defaults by LCL, its lenders invoked the abovementioned put options and corporate guarantees and consequently, pursuant to certain settlement agreements and negotiations with lenders, our Company had taken over and recognized liabilities aggregating to ₹745 crore. Through the Resolution Plan, our Company settled its put options and corporate guarantees by way of issuance of new non-convertible debentures with a structured repayment till Financial Year 2032 and a yield at a quarterly compounding rate of 9.50%. Pursuant to the initiation of corporate insolvency resolution process against LCL, it ceased to be a subsidiary of our Company with effect from August 30, 2018. For details, see "*Risk Factors – Internal Risk Factors –Some of our Subsidiaries have defaulted on their outstanding borrowings pursuant to which we may face penalties or accelerated repayments resulting in adverse impact on our financial condition, reputation and cash flows*" on page 56.

Further, as part of the Resolution Plan, our Company was allowed to sell certain land parcels and conciliate a few arbitration awards to raise funds amounting to ₹1,549 crore.

Pursuant to the Resolution Plan, the OCDs, non-convertible debentures issued to Life Insurance Corporation of India and the external commercial borrowing facilities availed by our Company remain as the residual fund-based debt in our Company, in addition to the non-convertible debentures issued by our Company to settle the put options and corporate guarantees granted by our Company in relation to LCL. Further, the total non-fund based limits for operations and court or arbitration purposes sanctioned to our Company were ₹3,697.38 crore and ₹3,615.90 crore respectively, which remain the same as on the date of this Preliminary Placement Document.

FY 2017 Restructuring Plan

On account on defaults in the Financial Year 2016, our Company had entered into a scheme for sustainable structuring of stressed assets dated November 4, 2016 ("**S4A Scheme**") to restructure its existing facilities. Under the S4A Scheme, the existing debt of our Company as on October 1, 2016 amounting to ₹ 5,107 crore was bifurcated into sustainable fund-based debt amounting to ₹ 2681 crore (Part A Debt) and fund-based exposure amounting to ₹ 2,426 crore (Part B Debt), which was proposed for conversion into fully paid-up Equity Shares and optionally convertible debentures ("**OCDs**") to all lenders of our Company. The OCDs were made repayable over a period of 10 years at a coupon rate of 0.01% per annum payable annually and IRR of 11.50% p.a. compounded quarterly.

Subsequently, at the extra ordinary general meeting of our Company held on January 5, 2017, the Shareholders of the Company approved the following allotment in accordance with the S4A scheme:

- 23,15,44,729 Equity Shares of face value of ₹ 1 at an issue price of ₹ 34.92 (including a premium of ₹ 33.92 per share) for ₹ 808.55 crores; and

- 1,44,14,874 OCDs of face value of ₹ 1,000 each at an aggregate value of ₹ 1,441.49 crores optionally convertible into Equity Shares of our Company within a period of 18 months from the date of allotment.

Post the implementation of S4A, the lenders of our Company took approval from SEBI for extension of the option of conversion of the OCDs till the redemption of the same, which was granted by SEBI vide its letter dated May 24, 2018. SEBI vide its letter dated September 27, 2022 further extended the period of conversion up to March 2029.

FY 2013 Restructuring Plan

On account of defaults in the Financial Year 2012, our Company had also entered into a Master Restructuring Agreement with its lenders dated June 29, 2012 ("**MRA**") pursuant to the corporate debt restructuring mechanism of the Reserve Bank of India, to restructure its existing facilities. The restructuring package was approved by the Corporate Debt Restructuring Empowered Group vide their Letter of Approval ("**CDR LOA**") dated June 29, 2012 and the MRA was entered into to give effect to the terms of the CDR LOA. Through the restructuring package, the existing debt of our Company amounting to ₹ 7,653.19 crore was restructured and made repayable in 31 quarterly instalments commencing from April 15, 2014 and ending on October 15, 2021, at an interest of 11.5% per annum. Further, the working capital exposure of our Company was enhanced by ₹ 500 crore from ₹ 1,000 crore to ₹ 1,500 crore and the non-fund based exposure of our Company was enhanced by ₹ 1,000 crore from ₹ 4,300 crore to ₹ 5,300 crore. Furthermore, a funded term interest loan of ₹ 176 crore for servicing the term loans of our Company was also sanctioned which was made repayable in 8 equal quarterly instalments commencing from October 15, 2013 and ending July 15, 2015, at an interest 11% per annum.

Minimising Credit Risk

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

We are engaged in various projects funded by multilateral funding agencies such as that Bandra-Kurla Complex station of the 508.17 km long Mumbai-Ahmedabad High-Speed Rail and Mumbai metro – Line 3 – UGC02, which are projects funded by Japan International Cooperation Agency and the Imphal road project in Manipur which is funded by Asian Development Bank. Further, to ensure we are at minimum risk of default, we consider various factors such as *inter alia* the terms of payment, reputation of the client and availability of guaranteed funding, before bidding for new projects.

Using our advanced technological prowess to improve efficiency

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

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

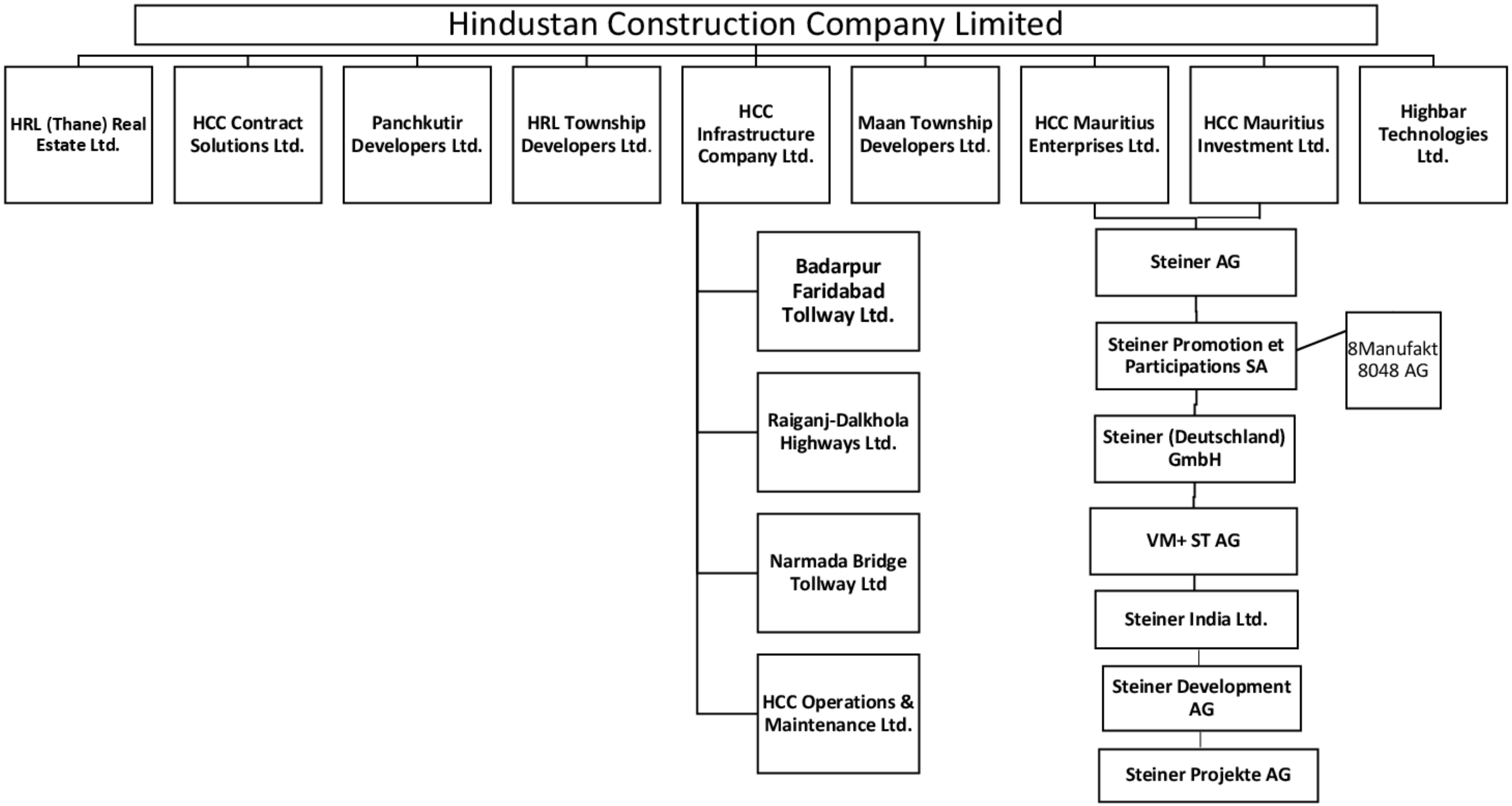
Further, we also resort to using advanced technology in construction and erection of pre-fabricated structures. Using this technology, we fabricate and assemble structural elements away from the site of construction and then transport the same to the site of construction and erect it there with pinpoint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

Consolidating and strengthening our position in the EPC industry

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

Our Group Structure

The following chart sets forth the structure of our Group:



Our Projects

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

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

Project	Name of Client	Location	Type of project	Date of Letter of Award	Our executed value (in ₹ crore)	Completion Year
Dry Dock & associated North and South Wharves at Naval Dockyard, Mumbai	Director General Naval Project	Maharashtra	Engineering and Construction	March 31, 2010	993.73	2022
Four lane high level RCC bridge over river Sone between Daudnagar and Nasriganj	Bihar Rajya Pul Nirman Nigam Limited	Bihar	Engineering and Construction	February 7, 2014	466.11	2023
Nikachhu Hydro Power Plant	Tangsibji Hydro Energy Ltd	Bhutan	Engineering and Construction	April 20, 2016	639.7	2024
Numaligarh-Jorhat Road Project	National Highways and Infrastructure Development Corporation Ltd	Assam	Engineering and Construction	May 23, 2015	545.73	2024
Punatsangchhu Hydroelectric Power Plant	Punatsangchhu Hydroelectric Project Authority	Bhutan	Engineering and Construction	April 24, 2009	1149.73	2024
Tata Memorial Cancer Hospital, Vizag	Govt of India, Department of Atomic Energy	Vizag	Engineering and Construction	August 5, 2015	170.4	2022
T49A Rail tunnel	Ircon International Ltd	J&K	Engineering and Construction	December 31, 2013	824.39	2024

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

Project	Name of Client	Location	Type of project	Present estimated work contract size (in ₹ crore)	Balance work estimate as on September 30, 2024 (in ₹ crore)
Vishnugad Pipalkoti hydropower project	THDC India Ltd	Uttarakhand	Engineering and Construction	3409.61	1816.35
Tehri pumped storage	THDC India Ltd	Uttarakhand	Engineering and Construction	2467.50	244.95
Fast Reactor Fuel Cycle Facility	Nuclear Recycle Board	Tamil Nadu	Engineering and Construction	1129.16	460.09
Mumbai metro – Line 3 – UGC02	Mumbai Metro Rail Corporation Limited	Maharashtra	Engineering and Construction	3300.57	286.04
Mumbai-Ahmedabad Hig Speed Rail, C1 package (HCC Share)	National High Speed Rail Corporation Ltd	Maharashtra	Engineering and Construction	1288.35	1152.00
Bhadbut Barrage (HCC Share)	Narmada Water Resources, Water Supply and Kalpsar Department	Gujarat	Engineering and Construction	2483.95	1494.38

Other Activities

Turnkey development and construction contract services

Our Material Subsidiary, Steiner AG is engaged in developing, realising and using real estate and construction projects and may open branch offices and subsidiaries in Switzerland and abroad. It may also acquire participations in other companies in Switzerland and abroad. Steiner AG may acquire, hold, use and sell real estate and intellectual property rights. Steiner AG may also engage in any commercial, financial or other activities which are apt to favor the purpose of the Steiner AG or which are related to its purpose. For more details, see "*Our Business – Overview – Real Estate construction*" on page 207.

Clients

Most of our clients comprise various Central Government and State Government agencies and enterprises, in addition to ministries and local municipal bodies. We also undertake projects for private clients, in which case the project may be on either a competitive bidding basis or a negotiated deal basis. Some of our regular clients are NHAI, NHPC, IRCON, MoRTH, THDCIL, NPCIL, GoAP-PWD and DMRC amongst others. Our top five customers (based on total revenue) for Financial Year 2024, Financial Year 2023 and Financial Year 2022 accounted for 32%, 29% and 22% of our total revenue for each year, respectively.

The "revenue from the continuing operations" of the Company from end-customers was ₹ 3,222.86 crore, ₹ 7006.71 crore, ₹ 8,269.86 crore, ₹ and 10,668.26 crore for the six months period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively. The "revenue from the continuing operations" of the Company from contractors for the six months period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 was Nil.

Awards and Recognition

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

Year	Awards and Recognitions
2024	• '21st Safety & Quality Forum Award' to DMRC DC-06 Project by the Institution of Engineers (India) for its ' implementation of innovative safety management practices in Metro construction' • The Lifetime Achievement Award to Mr Ajit Gulabchand, Chairman, HCC, was bestowed at the 9th ET NOW Infra Focus Summit and Awards 2024 • 'Certificate of Appreciation' to Delhi Metro Rail Project, DC06, by Delhi Metro Rail Corporation for exceptional performance in HSE aspect and significant efforts made to provide a safe working environment. • 'Certificate of Appreciation' to Delhi Metro Rail Project, DC06, by the National Safety Council for successfully achieving 7 million safe man-hours. • 'Certificate of Appreciation' to Mumbai Metro Rail Project, Line 3 by the National Safety Council for successfully achieving 6 million safe man-hours.
2023	• Ranked 7th among top 100 infrastructure companies by Construction Week in November 2023. • 'Construction Times Award 2023' to Bogibeel Rail-cum-road Bridge for the 'Best Bridge Project of the Year'. • 'Quality Innovation Award 2023' to DMRC DC-06 Project by the Institution of Engineers (India) for its 'Outstanding performance in Quality Innovation'. • 'National Safety Award' to Integrated Nuclear Recycle Plant (INRP) - Phase 1 BARC by the National Safety Council. • 'Certificate of Appreciation' to Vishnughad Pipalkoti Hydro Power Project by the National Safety Council.
2022	• The 'Lifetime Achievement Award' to Ajit Gulabchand, Chairman and Managing Director, HCC, bestowed by Construction Week. • 9th 'EPC World Awards 2022' to Bogibeel Rail-cum Road Project for 'Outstanding Contribution in Railway Project'. • 'Safety Innovation Award 2022' to DMRC - DC06 Project by Indian Institute of Engineers (IIE) for theme 'Safety for Sustainable Development: Role of Artificial Intelligence'. • 'National Safety Award' to Integrated Nuclear Recycle Plant (INRP) - Phase 1 BARC by the National Safety Council.

Year	Awards and Recognitions
	• ‘Certificate of Appreciation’ to DMRC - DC06 Project by the National Safety Council. • ‘Certificate of Appreciation’ to Vishnughad Pipalkoti Hydro Power Project by the National Safety Council. • ‘Certificate of Appreciation’ to Rajasthan Atomic Power Project - Units 7 and 8 by the National Safety Council.
2021	• ‘CIDC Vishwakarma Award 2021’ to Bogibeel Rail-cum-Road Bridge under Bridge category ‘Best Construction Project’. • ‘ACCE(I) Sarvamangala Award 2020’ to Kishanganga Hydro Power Project for ‘Excellence in Construction’. • ‘Safety Innovation Award 2021’ to DMRC - DC06 Project by Indian Institute of Engineers (IIE).
2020	• ‘Ministry of Road Transport and Highways (MoRTH) - Gold Award’ to Baharampore Farakka Highways Ltd (Chandermore Toll Plaza) for ‘Excellence in Toll Plaza Management’. • ‘Ministry of Road Transport and Highways (MoRTH) - Champions Award’ to Farakka Raiganj Highways Ltd (Laxmipor Toll Plaza) for ‘Excellence in Toll Plaza Management’.

Landmark Projects

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

Key Projects

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

Employees

As of September 30, 2024, we had around 1,013 employees on our payroll. Additionally, we enter into contracts with sub-contractors to engage workmen on a contract labour basis from time to time. Basis the demands of our workstreams, we deploy skilled and unskilled workmen from piece-rate workers and sub-contractors. On an average, we deploy around 9,209 workers on a monthly basis, ranging from fitters and carpenters to bar benders, foremen and plumbers.

Quality Management, Environment, Health and Safety

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

Risk Management Policies

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

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

- ensuring compliance with applicable legal and regulatory requirements.

Competition

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

The primary competition between the companies which qualify for a particular project, is based on price *viz.* the ability of the company to execute the project at lowest cost relatively to the other companies. As a result, the bidding processes for power and infrastructure-related contracts awarded by the Central and State Governments continue to be very competitive. Despite our history of successfully implementing large-scale engineering and construction projects, some of our competitors may be more experienced in the development and operation of EPC contracts and BOT projects, which are some of our target project types. Across our verticals, these companies include Patel Engineering Limited, Nagarjuna Construction Company Limited, ITD Cementation India Limited and PNC Infratech Limited.

Insurance

We maintain a range of insurance policies to cover different risks related to our projects in accordance with the terms of our agreements and best practices in the industry. These insurance policies are intended at providing us coverage against all foreseen and unforeseen hazards which may cause injury and loss of life, in addition to causing damage and destruction to our equipment and other properties. Our insurance policies cover our assets and operations, including property insurance, various liability and indemnity insurances, personal accident insurance and health insurance for our employees. A majority of our insurance policies are provided by public sector insurance companies. We also maintain comprehensive directors' and officers' liability insurance. In term of projects and assets covered under insurance, as of June 30, 2024, 100% of our project contract values and entire fixed assets (excluding land and biological assets) were covered by insurance. We believe that the amount of insurance coverage that we maintain is consistent with general practices in our industry and represents the appropriate level of coverage required to insure our business. For details in relation to the risks associated with any inadequate insurance coverage, see "*Risk Factors – Internal risk factors –Our insurance coverage may not adequately protect us against all our losses or liabilities*" on page 61.

Properties

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

Intellectual Property

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

ORGANIZATIONAL STRUCTURE

Corporate History

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

The CIN of our Company is L45200MH1926PLC001228. Our Registered and Corporate Office is located at Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India .

Organizational Structure

As of the date of this Preliminary Placement Document, our Company has 21 Subsidiaries, five Associates and one Joint Venture. For further details, see "***Definitions and Abbreviations***" on page *21*. The organizational structure of the Company, as on the date of this Preliminary Placement Document is as follows:

Direct Subsidiaries

1. HCC Contract Solutions Limited
2. HCC Infrastructure Company Limited
3. HCC Mauritius Enterprises Limited
4. HCC Mauritius Investment Limited
5. Highbar Technologies Limited
6. HRL Township Developers Limited
7. Maan Township Developers Limited
8. HRL (Thane) Real Estate Limited
9. Panchkutir Developers Limited.

Step-down Subsidiaries

1. Badarpur Faridabad Tollway Limited
2. HCC Operations & Maintenance Limited
3. Manufakt8048 AG
4. Narmada Bridge Tollway Limited
5. Raiganj-Dalkhola Highways Limited
6. Steiner (Deutscheland) GmbH
7. Steiner AG*
8. Steiner Development AG
9. Steiner India Limited
10. Steiner Projekte AG
11. Steiner Promotions et Participations SA
12. VM & ST AG

** For details regarding the business reorganization process of our Material Subsidiary, Steiner AG, please see "Risk Factors –Our Material Subsidiary, Steiner AG, has filed for a debt moratorium in the country of its operations as a part of process of business reorganization" on page 60.*

Associates

1. Evostate AG
2. Evostate Immobilien AG
3. Hegias AG
4. Highbar Technocrat Limited
5. MCR Managing Corporate Real Estate AG

Joint Venture

1. Prolific Resolution Private Limited

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

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

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

Name, DIN, Term, Address, Occupation and Nationality	Age (in years)	Designation
Ajit Gulabchand **Term:** Not liable to retire by rotation, and with effect from April 1, 2023 **Address:** 94, NCPA Apartments, 1, Sir Dorab Tata Road, Nariman Point, Mumbai 400 021, Maharashtra, India **Occupation:** Business **Nationality**: Indian **DIN:** 00010827	76	Non-Executive Chairman
Jaspreet Singh Bhullar **Term:** Five years with effect from April 1, 2023 **Address:** House no. 73, Sector-2, Chandigarh 160 001, India **Occupation:** Service **Nationality**: Indian **DIN:** 03644691	54	Managing Director and Chief Executive Officer
Arjun Dhawan **Term:** Five years with effect from April 1, 2022 **Address:** 5B Rizvi Park, 5A Altamount Road, Mumbai 400 026, Maharashtra, India **Occupation:** Service **Nationality**: Indian **DIN:** 01778379	48	Executive Vice Chairman
Aditya Jain **Term**: Liable to retire by rotation **Address**: 2205, Sea Flama, Dosti Flamingoes, T.J. Road, Near Sewri Naka, Sewri, Mumbai – 400 015, Maharashtra, India **Occupation***:* Service **Nationality**: Indian **DIN**: 08115375	62	Non-Executive Non-Independent Director
Santosh Janakiram **Term:** Five years with effect from September 29, 2022 **Address:** A-11, The Paradise Apartments CHS Ltd., 44/44A.	46	Independent Director

Name, DIN, Term, Address, Occupation and Nationality	Age (in years)	Designation
Nepean Sea Road, Mumbai 400 026, Maharashtra, India **Occupation:** Lawyer **Nationality**: Indian **DIN:** 06801226		
Mahendra Singh Mehta **Term:** Five years with effect from September 29, 2022 **Address:** 1701, Raheja Excelsior, Pandit Madan Mohan Malviya Marg, Near Sobo Mall, Tardeo, Tulsiwadi, Mumbai 400 034, Maharashtra, India **Occupation:** Retired **Nationality**: Indian **DIN:** 00019566	69	Independent Director
Mukul Sarkar **Term:** Appointed with effect from February 06, 2020 **Address:** Flat no. 1604, Wallace Apartments-1, Sleater Road, Grant Road West, Mumbai 400 007, Maharashtra, India **Occupation:** Service **Nationality**: Indian **DIN:** 00893700	57	Non-Executive Nominee Director
Dr. Mita Dixit **Term:** Five years with effect from August 30, 2023 **Address:** B 1303, Laxmi Chhaya CHS LTD, Babhai Naka, Opp. UCO Bank, Jn of L.T. Road & Borivali (West), Mumbai 400 092, Maharashtra, India **Occupation:** Business **Nationality:** Indian **DIN:** 08198165	59	Independent Director
Arun Karambelkar **Term***:* Five years with effect from June 7, 2023 **Address**: C-903 & 904, Royal Court CHS, S N Road, Opp. HDIL, Andheri (East), Mumbai 400 069, Maharashtra, India **Occupation***:* Service **Nationality:** Indian **DIN**: 02151606	69	Independent Director

Relationship with other Directors

Except for Arjun Dhawan, who is the son-in-law of Ajit Gulabchand, none of the Directors of our Company are related to each other.

Borrowing powers of our Board

Our shareholders have approved by way of a special resolution dated June 20, 2014, that our Board is authorised to borrow monies in excess of the aggregate of the paid-up share capital and free reserves of the Company, , from time to time, as may be deemed appropriate by our Board, an aggregate amount not exceeding ₹ 10,000 crore apart from temporary loans obtained/ to be obtained from the Company's bankers in the ordinary course of business

Interest of the Directors

All our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof, to the extent of other remuneration and reimbursement of expenses, if any, payable to them by our Company under our Articles of Association and respective appointment letters. The Executive Directors of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered. Our Directors may also be interested to the extent of Equity Shares held by them or stock options granted to them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms, HUFs, and trusts, in which they are interested as directors, members, partners, karta, trustees, etc.

Except as provided in "***Related Party Transactions***" on page 43, there have been no related party transactions between the Company and any of the Directors during the three Fiscals immediately preceding the date of this Preliminary Placement Document. Further, in the current Fiscal, none of the directors have entered into any additional type of related party transactions, other than disclosed in the related party transactions of the Company for the periods mentioned above. For further details on the related party transactions mentioned above, see "***Related Party Transactions***" on page 43. Further, our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

Shareholding of Directors

The following table sets forth the shareholding of the Directors in our Company as on the date of this Preliminary Placement Document:

Name	Number of Equity Shares	Percent of the issued and paid-up Equity Share capital (in %)
Ajit Gulabchand	21,17,294	0.13
Jaspreet Singh Bhullar	1,85,874	0.01
Total	**23,03,168**	**0.14**

Remuneration to the Executive Directors

The following table sets forth the details of remuneration paid by our Company to the Executive Directors of our Company during the relevant period for the current financial year, and financial years ended March 31, 2022, March 31, 2023, and March 31, 2024, and the six months ended September 30, 2024:

(in ₹ crores)

S. No.	Name of Executive Director	Compensation for Fiscal 2022	Compensation for Fiscal 2023	Compensation for Fiscal 2024	Compensation for current Fiscal up to September 30, 2024
1.	Arjun Dhawan	7.00	5.00	5.50	3.00
2.	Jaspreet Bhullar	0.31	2.59	3.85	2.05
	Total	**7.31**	**7.59**	**9.35**	**5.05**

Remuneration to Non-Executive Directors

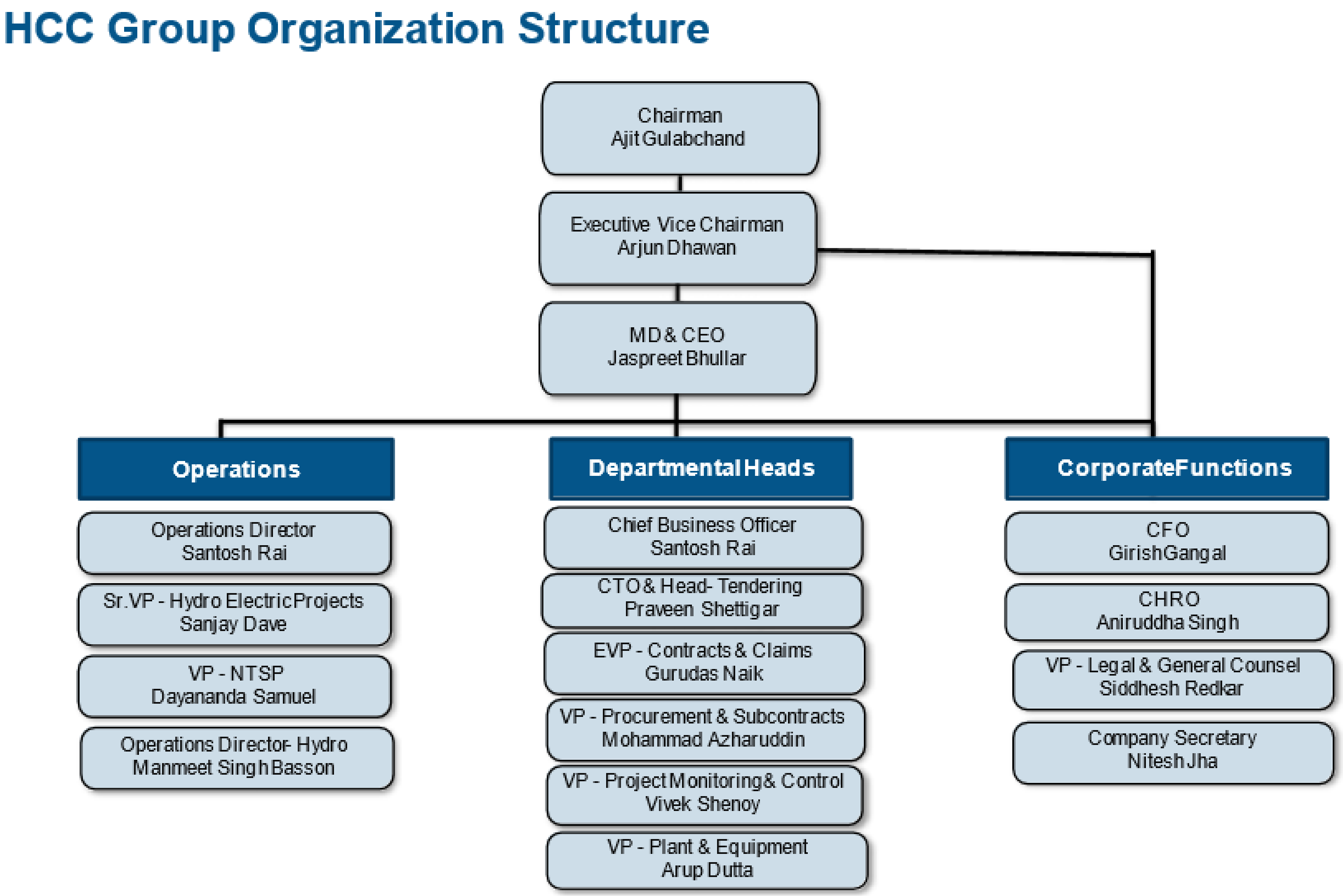
Each Non-Executive Independent Director is entitled to receive sitting fees of ₹ 1,00,000 per meeting for attending each meeting of our Board and committee meetings of our Board.

The following table sets forth the compensation paid by our Company to the Non-Executive Directors of our Company during the relevant period for the current financial year, and financial years ended March 31, 2022, March 31, 2023, and March 31, 2024, and the six months ended September 30, 2024:

(in ₹ crores)

S. No.	Name of Non-Executive Director	Compensation for Fiscal 2022	Compensation for Fiscal 2023	Compensation for Fiscal 2024	Compensation for current Fiscal up to September 30, 2024
1.	Ajit Gulabchand	7.00	5.50	3.00	1.50

Organisational Chart of our Company



Key Managerial Personnel and Senior Management

The Key Managerial Personnel and members of Senior Management are permanent employees of our Company. The details of our other Key Managerial Personnel and the members of our Senior Management in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as on the date of this Preliminary Placement Document are set forth below:

S. No.	Name	Designation
Key Managerial Personnel		
1.	Jaspreet Singh Bhullar*	Managing Director and Chief Executive Officer
2.	Girish Gangal*	Chief Financial Officer
3.	Nitesh Kumar Jha*	Company Secretary and Compliance Officer
Senior Management		
1.	Santosh Kumar Rai	Operations Director and Chief Business Officer
2.	Aniruddha Singh	Chief Human Resources Officer
3.	Gurudas Naik	Executive Vice President – Contracts and Claims
4.	Sanjay Dave	Senior Vice President – Hydro Electric Projects
5.	Vivek Shenoy	Vice President – Project Monitoring and Controls
6.	Siddhesh Redkar	Vice President – Legal and General Counsel
7.	Mohammad Azharuddin	Vice President – Procurement and Sub-Contracts
8.	Praveen Shettigar	Chief Technology Officer and Head – Tendering
9.	Dayanand Samuel	Vice President – Nuclear Thermal and Special Projects
10.	Arup Dutta	Vice President – Equipment
11.	Manmeet Singh Basson	Operation Director – Hydro

* *Jaspreet Singh Bhullar, Girish Gangal and Nitesh Kumar Jha are also members of the Senior Management of our Company.*

Shareholding of Key Managerial Personnel and Senior Management

Except as disclosed below, none of our Key Managerial Personnel or members of the Senior Management hold Equity Shares in our Company as on the date of this Preliminary Placement Document.

Sr. No.	Name of the Key Managerial Personnel / member of the Senior Management	Number of Equity Shares	Percentage (%) shareholding
1.	Jaspreet Singh Bhullar	1,85,874	0.01
2.	Dayanand Samuel	200	Negligible
3.	Arup Datta	1,438	Negligible
Total		**1,87,512**	**0.01**

Relationship

None of our Key Managerial Personnel and members of the Senior Management are related to each other or to the Directors.

Interest of Key Managerial Personnel and members of the Senior Management

The Key Managerial Personnel, other than the Directors of our Company, and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. Our Key Managerial Personnel and members of the Senior Management may also be interested to the extent of Equity Shares held by them or stock options granted to them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. All our Key Managerial Personnel and members of the Senior Management may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms, HUFs, and trusts, in which they are interested as directors, members, partners, karta, trustees, etc., if any. For details of interests of Directors, see "– ***Interest of the Directors***" on page 222.

Except as provided in "***Related Party Transactions***" on page 43, there have been no related party transactions between the Company and any of the Key Managerial Personnel or members of the Senior Management during the three Fiscals immediately preceding the date of this Preliminary Placement Document. Further, in the current Fiscal, none of the Key Managerial Personnel or members of the Senior Management have entered into any additional type of related party transactions, other than disclosed in the related party transactions of the Company for the periods mentioned above. For further details on the related party transactions mentioned above, see "***Related Party Transactions***" on page 43.

Corporate Governance

Our Board presently consists of nine Directors. In compliance with the requirements of the SEBI Listing Regulations, our Board consists of four Non-Executive Independent Directors (including one woman Non-Executive Independent Director).

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our Company's executive management provides our Board detailed reports on its performance periodically.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility Committee; and (v) Risk Management Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

S. No.	Committee	Name and Designation of Members
1.	Audit Committee	(1) Mahendra Singh Mehta (Chairperson) (2) Mita Dixit (Member) (3) Aditya Jain (Member)
2.	Nomination and Remuneration Committee	(1) Mahendra Singh Mehta (Chairperson) (2) Ajit Gulabchand (Member) (3) Santosh Janakiram (Member)
3.	Stakeholders' Relationship Committee	(1) Santosh Janakiram (Chairperson) (2) Ajit Gulabchand (Member) (3) Arjun Dhawan (Member)
4.	Corporate Social Responsibility Committee	(1) Ajit Gulabchand (Chairperson) (2) Mahendra Singh Mehta (Member)
5.	Risk Management Committee	(1) Mahendra Singh Mehta (Chairperson) (2) Arjun Dhawan (Member) (3) Jaspreet Singh Bhullar (Member) (4) Girish Gangal (Member)

Other Confirmations

None of the Directors, Promoters, Key Managerial Personnel or members of the Senior Management of our Company have any financial or other material interest in the Issue and there is no effect of such interest as is different from the interest of other persons.

Neither our Company, nor the Directors or Promoters have ever been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Neither our Company, nor any of our Directors or Promoters have ever been declared as 'fraudulent borrowers' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016, and SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoters have been debarred from accessing capital markets under any order or direction made by SEBI. Further, none of the Promoters and Directors have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, Promoters, Key Managerial Personnel or members of the Senior Management of our Company intends to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

SEBI Insider Trading Regulations apply to our Company and its employees and require our Company to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and conduct for the prevention of insider trading. Our Company has implemented a code of practices and procedures for fair disclosure of unpublished price sensitive information ("**Code**") in accordance with the SEBI Insider Trading Regulations.

Related Party Transactions

For details in relation to the related party transactions entered into by our Company during the last three Financial Years, immediately preceding the year of circulation of this Preliminary Placement Document, see "***Related Party Transactions***" on page 43.

Employee stock option schemes

For details with respect the employee stock option scheme of our Company, see "***Capital Structure – Employee stock option scheme***" on page 97.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as on September 30, 2024, is set forth below.

Summary statement showing the shareholding pattern of the Company

Category	Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VI) As a % of (A+B+C2)	No. of Voting Rights held in each class of securities		No. of shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
											Shareholding (No. of shares) under		
						No of Voting Rights	Total as a % of (A+B+C)	No. (a)	As a % of total shares held (b)		Sub-category (i)	Sub-category (ii)	Sub-category (iii)
(A)	Promoters & Promoter Group	8	31,22,39,628	31,22,39,628	18.59	31,22,39,628	18.59	23,99,19,286	76.84	31,22,39,628	-	-	-
(B)	Public	6,41,827	1,36,76,41,156	1,36,76,41,156	81.41	1,36,76,41,156	81.41		0.00	1,36,38,72,958			
(C)	Non Promoter-Non Public				0.00		0.00		0.00		-	-	-
(C1)	Shares underlying DRs				0.00		0.00		0.00		-	-	-
(C2)	Shares held by Employee Trusts				0.00		0.00		0.00		-	-	-
	Total	**6,81,435**	**1,67,98,80,784**	**1,67,98,80,784**	**100.00**	**1,67,98,80,784**	**100.00**	**23,99,19,286**	**14.28**	**1,67,61,12,586**			

Note: C = C1 + C2
Total = A+B+C

Statement showing shareholding pattern of our Promoters and Promoter Group

Category of shareholder	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
						No.(a)	As a % of total Shares held(b)	Class eg: X	Total	
A1) Indian					0.00		0.00		0.00	
Individuals/Hindu undivided Family		3	26,40,751	26,40,751	0.16	26,40,751	0.16		0.00	26,40,751
Ajit Gulabchand	Promoter	1	21,17,294	21,17,294	0.13	21,17,294	0.13		0.00	21,17,294
Shalaka Gulabchand Dhawan	Promoter	1	2,72,057	2,72,057	0.02	2,72,057	0.02		0.00	2,72,057
Anjani Ashwin Parekh	Promoter Group	1	2,51,400	2,51,400	0.02	2,51,400	0.02		0.00	2,51,400
Any Other (specify)		5	30,95,98,877	30,95,98,877	18.43	30,95,98,877	18.43	23,99,19,286	77.51	30,95,46,877
Hincon Holdings Ltd	Promoter	1	21,60,23,600	21,60,23,600	12.86	21,60,23,600	12.86	21,60,23,600	100.00	21,60,23,600
Hincon Finance Limited	Promoter	1	6,22,61,186	6,22,61,186	3.71	6,22,61,186	3.71	2,38,95,686	38.38	6,22,61,186
Maharani Holdings Private Limited	Promoter Group	1	3,07,24,091	3,07,24,091	1.83	3,07,24,091	1.83		0.00	3,07,24,091
Shalaka Investment Pvt Ltd	Promoter	1	5,38,000	5,38,000	0.03	5,38,000	0.03		0.00	5,38,000
Western Securities Ltd.	Promoter Group	1	52,000	52,000	0.00	52,000	0.00		0.00	52,000
Sub Total A1		**8**	**31,22,39,628**	**31,22,39,628**	**18.59**	**31,22,39,628**	**18.59**	**23,99,19,286**	**76.84**	
A2) Foreign					0.00		0.00		0.00	
A=A1+A2		8	31,22,39,628	31,22,39,628	18.59	31,22,39,628	18.59	23,99,19,286	76.84	31,22,39,628

Statement showing shareholding pattern of the public Shareholders

Category and Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form (Not Applicable)	Sub-categorization of shares (XV) Shareholding (No. of shares) under		
								Subcategory (i)	Subcategory (ii)	Subcategory (iii)
B1) Institutions	0	0		0.00		0.00		-	-	-
Mutual Fund	4	15935011	15935011	0.9486	15935011	0.9486	15935011	0	0	0
Venture Capital Funds	0	0	0	0	0	0	0			
Alternate Investment Funds	2	500000	500000	0.0298	500000	0.0298	500000	0	0	0
Banks	9	82281617	82281617	4.8981	82281617	4.8981	82279117	0	0	0
Canara Bank-Mumbai	1	29297546	29297546	1.744	29297546	1.744	29297546			
Export- Import Bank Of India	1	24251091	24251091	1.4436	24251091	1.4436	24251091			
Insurance Companies	3	1002880	1002880	0.0597	1002880	0.0597	1002880	0	0	0
Provident Funds/ Pension Funds	0	0	0	0	0	0	0			
Asset Reconstruction Companies	0	0	0	0	0	0	0			
Sovereign Wealth Funds	0	0	0	0	0	0	0			
NBFCs registered with RBI	7	587625	587625	0.035	587625	0.035	587625	0	0	0

Category and Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form (Not Applicable)	Sub-categorization of shares (XV) Shareholding (No. of shares) under Subcategory (i)	Subcategory (ii)	Subcategory (iii)
Other Financial Institutions	1	2000	2000	0.0001	2000	0.0001	0	0	0	0
Any Other (Specify)	0	0	0	0	0	0	0			
Sub Total (B)(1)	26	100309133	100309133	5.9712	100309133	5.9712	100304633	0	0	0
Institutions (Foreign)										
Foreign Direct Investment	0	0	0	0	0	0	0			
Foreign Venture Capital Investors	0	0	0	0	0	0	0			
Sovereign Wealth Funds	0	0	0	0	0	0	0			
Foreign Portfolio Investors Category I	82	159071914	159071914	9.4692	159071914	9.4692	159071914	0	0	0
India Insight Value Fund	1	21160500	21160500	1.2596	21160500	1.2596	21160500			
Vanguard Total International Stock Index Fund	1	19088486	19088486	1.1363	19088486	1.1363	19088486			
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1	17714010	17714010	1.0545	17714010	1.0545	17714010			
Foreign Portfolio Investors Category II	5	4423131	4423131	0.2633	4423131	0.2633	4423131	0	0	0
Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0	0	0	0			
Any Other (Specify)	2	31000	31000	0.0018	31000	0.0018	0	0	0	0
Foreign Institutional Investors	2	31000	31000	0.0018	31000	0.0018	0	0	0	0
Sub Total (B)(2)	89	163526045	163526045	9.7344	163526045	9.7344	163495045	0	0	0
Central Government/ State Government(s)										
Central Government / President of India	0	0	0	0	0	0	0			
State Government / Governor	1	20000	20000	0.0012	20000	0.0012	20000	0	0	0
Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	0	0	0	0	0	0	0			
Sub Total (B)(3)	1	20000	20000	0.0012	20000	0.0012	20000	0	0	0
Non-Institutions		0	0	0	0	0	0			
Associate companies / Subsidiaries	0	0	0	0	0	0	0			
Directors and their relatives (excluding Independent Directors and nominee Directors)	1	185874	185874	0.0111	185874	0.011065	185874			
EY Managerial Personnel	0	0	0	0	0	0	0			
Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	0	0	0	0	0	0	0			
Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee','beneficiary', or 'author of the trust"	0	0	0	0	0	0	0			
Investor Education and Protection Fund (IEPF)	1	3390764	3390764	0.2018	3390764	0.2018	3390764	0	0	0
i. Resident Individual holding nominal share capital up to Rs. 2 lakhs.	664384	756838358	756838358	45.0531	756838358	45.0531	753132660	0	0	0

Category and Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form (Not Applicable)	Sub-categorization of shares (XV) Shareholding (No. of shares) under		
								Subcategory (i)	Subcategory (ii)	Subcategory (iii)
ii. Resident individual holding nominal share capital in excess of Rs. 2 lakhs.	302	179118547	179118547	10.6626	179118547	10.6626	179118547	0	0	0
Chetan Jayantilal Shah		20000000	20000000	1.1906	20000000	1.1906	20000000			
Non Resident Indians (NRIs)	4424	22032010	22032010	1.3115	22032010	1.3115	22031010	0	0	0
Foreign Nationals	1	1000	1000	0.0001	1000	0.0001	1000	0	0	0
Foreign Companies	0	0	0	0	0	0	0			
Bodies Corporate	1880	83379131	83379131	4.9634	83379131	4.963396	83353131	0	0	0
Any Other (Specify)	10318	58840294	58840294	3.5027	58840294	3.5027	58840294	0	0	0
Trusts	11	136551	136551	0.0081	136551	0.0081	136551	0	0	0
Escrow Account	1	28652	28652	0.0017	28652	0.0017	28652	0	0	0
Body Corp-Ltd Liability Partnership	188	6462633	6462633	0.3847	6462633	0.3847	6462633	0	0	0
Hindu Undivided Family	10107	52179672	52179672	3.1062	52179672	3.1062	52179672	0	0	0
Clearing Member	11	32786	32786	0.002	32786	0.002	32786	0	0	0
Sub Total (B)(4)	681311	1103785978	1103785978	65.70626	1103785978	65.70626	1100053280	0	0	0
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)+(B)(4)	**681427**	**1367641156**	**1367641156**	**81.41306**	**1367641156**	**81.41306**	**1363872958**	**0**	**0**	**0**

Notes:

(1) Details of the shareholders acting as persons in concert including their shareholding (No. and %):

(2) Details of shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Statement showing shareholding pattern of non-Promoter - non-public Shareholders

Category & Name of the Shareholders (I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Total no. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of equity shares held in dematerialized form (XIV) (Not Applicable)
C1) Custodian/DR Holder	0	0		0.00	
C2) Employee Benefit Trust	0	0		0.00	

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the Bid, payment of Application Amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders are required to confirm and are deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, employees, counsels, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Book Running Lead Managers and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "**Selling Restrictions**" and "**Transfer Restrictions**" on pages 246 and 251, respectively.*

Our Company, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs, provided that:

- the Shareholders have passed a special resolution dated September 17, 2024, approving the Issue. Such special resolution *inter alia* specifies (a) that the allotment of Equity Shares is proposed to be made pursuant to the QIP and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of the Issue, the contribution made by the Promoters or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our shareholders for convening the meeting to pass the above-mentioned special resolution except for Equity Shares allotted during the preceding one year from the date of this Preliminary Placement Document. For details, see "***Capital Structure***" on page 97;

- invitation to apply in the Issue must be made through a private placement offer cum application (i.e., this Preliminary Placement Document) and an Application Form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company earlier or has withdrawn or abandoned any such invitation or offer, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;

- our Promoters and Directors are not Fugitive Economic Offenders;
- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application (i.e., this Preliminary Placement Document and the Application Form), our Company must prepare and record a list of Eligible QIBs to whom the offer will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;
- our Company acknowledges the offerings of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited;
- our Company, our Directors or Promoters have never been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI; and
- our Directors are not declared as 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016.

At least 10% of the Equity Shares issued pursuant to this Issue to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the Issue Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the special resolution of the Shareholders passed on September 17, 2024, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving the Issue, being September 17, 2024 and within 60 days from the date of receipt of Application Amount from the Successful Bidders, failing which our Company shall refund the Application Amount in accordance with applicable laws. For details of refund of Application Amount, see "***– Pricing and Allocation****" and "****–Designated Date and Allotment of Equity Shares***" on pages 241 and 242, respectively.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information required under applicable laws including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 250 crore; and
- five, where the issue size is greater than ₹ 250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "***– Bid Process – Application Form***" on page 239.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

Our Company has filed a draft of this Preliminary Placement Document with each of the Stock Exchanges and has received the in-principle approvals of the Stock Exchanges, each dated December 16, 2024 under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to this Issue on the Stock Exchanges. We will file a copy of the Placement Document with the Stock Exchanges.

Allotments made to VCFs, and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been, and will not be, registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in "offshore transactions", as defined in, and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 246 and 251, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Issue Opening Date, our Company in consultation with the Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by our Company in consultation with the BRLMs, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Application Amount transferred to the escrow account specified in the Application Form and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Book Running Lead Managers. Application Form may be signed physically or digitally, if required under applicable laws in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable laws. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Bidders will be required to indicate the following in the Application Form:

   - Full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;

   - Equity Shares held by the Eligible QIBs in our Company prior to the Issue;

   - details of the depository account to which the Equity Shares should be credited;

- a representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S, and it has agreed to certain other representations set forth in the "***Representations by Investors***" on page 5 and "***Transfer Restrictions***" on page 251 and certain other representations made in the Application Form; and

- Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form.

5. Eligible QIBs shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Application Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "***– Refunds***" on page 243.

6. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision in the Issue Price before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

8. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, on or after the Issue Closing Date, our Company shall, in consultation with Book Running Lead Managers determine the final terms, including the Issue Price and number of the Equity Shares to be issued pursuant to the Issue and Allocation to the Successful Bidders. Upon such determination, the Book Running Lead Managers, on behalf of our Company, will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of this Preliminary Placement Document and Application Form. Please note that the Allocation will be at the absolute discretion of our Company and will be in consultation with the Book Running Lead Managers.

9. The Bidder acknowledges that in terms of the requirements of the Companies Act, 2013 upon Allocation, our Company will be required to disclose the names of proposed allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.

10. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares allotted pursuant to this Issue, into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to the Successful Bidders. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

17. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which Application Amount was remitted (as set out in the Application Form).

Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs who can participate in the Issue as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions (which are resident in India);
- mutual funds registered with SEBI;
- pension funds with minimum corpus of ₹ 25 crores registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹ 25 crores;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;

- venture capital funds registered with SEBI; and
- foreign venture capital investors registered with SEBI.

Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule II of FEMA Rules in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. FVCIs are not permitted to participate in this Issue.

In terms of the SEBI FPI Regulations and the FEMA Rules, the issue of Equity Shares to a single FPI including its investor group (which means the multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control, shall be treated as part of the same investor group) must be below 10% of our post-Issue Equity Share capital and the total holding of all FPIs, collectively, shall be below 24% of the paid-up equity share capital of our Company. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that (i) the individual investment of the FPI (including its investor group) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. Other than those Eligible FPIs, as prescribed in Regulation 22(4) of the SEBI FPI Regulations, in the event that such divestment of excess holding is not undertaken within the aforementioned prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per the procedure specified by SEBI and receipt of necessary regulatory approvals as required and in accordance with applicable laws, and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations and FEMA Rules.

As per the FPI Operational Guidelines, these investment restrictions shall also apply to subscribers of P-Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as a FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the Issue and sale of the Equity Shares in certain jurisdictions, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively.

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company, and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company and the Book Running Lead Managers and any of their respective shareholders, employees, counsels,

officers, directors, representatives, agents, advisors or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Book Running Lead Managers who are QIBs, may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are specifically addressed to them) supplied by our Company and the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, a Bidder will be deemed to have made the representations, warranties, acknowledgements and undertakings given or made under the sections "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 2, 5, 246 and 251, respectively, including as follows:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a Promoters and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;

4. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

5. The Bidder confirms that in the event it is resident outside India, it is an Eligible FPI having a valid and existing registration with SEBI under the applicable laws in India, and is eligible to invest in India under applicable law, including the FEMA Rules and the restrictions stated under this section, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

6. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. The Eligible QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB or as specified in this Preliminary Placement Document;

8. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the SEBI Takeover Regulations;

9. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

10. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and consents of such disclosure, if any Equity Shares are Allocated to

it. However, the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs;

11. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other Eligible QIB; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

12. The Eligible QIB confirms that it is subscribing to the Equity Shares in an "offshore transaction", as defined in, and in reliance on, Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate;

13. The Eligible QIBs acknowledge that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;

14. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; and

15. Each Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations read with the FEMA Rules, along with the restrictions specified above in this section.

ELIGIBLE QIBS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, PHONE NUMBER, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN OR PAN ALLOTMENT LETTER (AS THE CASE MAYBE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY OR STOCK EXCHANGES IN THIS REGARD, INCLUDING AFTER ISSUE CLOSING DATE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (as the case maybe). The Application Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

Name of the Book Running Lead Managers	Address	Contact Person	Email	Contact number
Motilal Oswal Investment Advisors Limited	Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai 400 025, Maharashtra, India	Amit Ramchandani, MD & CEO – Investment Banking	amit.ramchandani@motilaloswal.com	+91 22 7193 4380
Elara Capital (India) Private Limited	One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai 400 013, Maharashtra, India	Abhijit Das, President – Investment Banking	project.hccqip2024@elaracapital.com	+91 22 6984 7000

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

Bidders Bidding in the Issue shall pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

Payment of Application Amount

Our Company has opened the "Hindustan Construction Company Limited – QIP Escrow Account" with ICICI Bank Limited, our Escrow Agent, in terms of the arrangement among our Company, the Book Running Lead Managers and ICICI Bank Limited as the Escrow Agent. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws. Bidders can make payment of the Application Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer.

Note: Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "Hindustan Construction Company Limited – QIP Escrow Account" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "***– Refunds***" on page 243.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchange(s) during the two weeks preceding the Relevant Date. However, a discount of not more than 5% of the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations, as approved by our Shareholders pursuant to special resolution passed dated September 17, 2024, may be offered by our Company in accordance with the provisions of the SEBI ICDR Regulations.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Issue Committee of our Board decides to open the Issue. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Build-up of the book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Application Amount, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them the, Issue Price and the Application Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board, or a duly authorised committee thereof, will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLMs.

Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "***Representations by Investors***" on page 5 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts, our Company will apply for the final trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees, belonging in the same group or under common control in the Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company

will be disclosed in the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which the Application Amount was remitted (as set out in the Application Form). The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of the Application Amount, our Company shall repay the Application Amount within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% p.a. from the expiry of the 60th day.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Other Instructions

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. However, this requirement may not apply to certain Bidders who are exempted from the requirement of obtaining a PAN under the IT Act. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For details see "– ***Refunds***" on page 243.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into the Placement Agreement dated December 16, 2024 with our Company, pursuant to which the Book Running Lead Managers have agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares on a reasonable efforts basis to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the BRLMs, and it is subject to satisfaction of certain conditions and termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares post the Issue.

The Equity Shares offered in the Issue have not been, and will not be, registered under the U.S. Securities Act or any state securities laws of the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For further information, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 246 and 251, respectively.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

In connection with the Issue, the Book Running Lead Managers (or its affiliates or associates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers (or its affiliates or associates) may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "***Offshore Derivative Instruments***" on page 11.

From time to time, the Book Running Lead Managers, and its affiliates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, commercial banking, trading services for our Company, Subsidiaries, Joint Ventures, group companies, affiliates and the shareholders of our Company, as well as to their respective affiliates, pursuant to which compensation has been paid or will be paid to the Book Running Lead Managers and its affiliates and associates.

Lock-up

Our Promoters and Promoter Group have undertaken that they will not for a period of [90 days] ("**Lock-up Period**") from the date of Allotment under the Issue, without the prior written consent of the BRLM, directly or indirectly: (a) issue, offer, lend, sell, contract to sell, pledge, encumber, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale, or otherwise transfer or dispose of, any Equity Shares held by them, including but not limited to any options or warrants to purchase any Equity Shares held by our Promoter or Promoter Group (the "**Lock-up Shares**"), or any securities convertible into or exercisable for, or that represent the right to receive any the Lock-up Shares, or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing (regardless of whether any of the transactions described in this clause (a) is to be settled by the delivery of the Lock-up Shares or such other securities, in cash or otherwise); (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of Lock-up Shares or any securities convertible into or exercisable or exchangeable for Lock-up Shares (regardless of whether any of the transactions described in this clause (b) is to be settled by the delivery of the Lock-up Shares or such other securities, in cash or otherwise); (c) deposit Lock-up Shares, or any securities convertible into or exercisable or exchangeable for the Lock-up Shares or which carry the rights to subscribe for or purchase the Lock-up Shares, with any depositary in connection with a depositary receipt facility; (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of sale or deposit of the Lock-up Shares; or, (e) publicly announce any intention to enter into any transaction described in (a) to (d) above.

Provided that, the foregoing restrictions shall not apply to (a) any sale, transfer or disposition of any of the Lock-up Shares by with prior notice to the Book Running Lead Managers to the extent such sale, transfer or disposition is required by Indian law; (b) any bona fide pledge or non-disposal undertaking of any of the Lock-up Shares held by our Promoter or members of the Promoter Group as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of our Promoter or members of the Promoter Group, the Company or transfer of any Lock-up Shares to any third party pursuant to the invocation of any pledge in relation to the Lock-up Shares; and (c) any inter group transfer made to any entities promoted by our Promoters, subject to compliance with applicable laws and subject to observance by the transferee entity of the foregoing restrictions on transfer of Lock-up Shares until the expiry of the Lock-up Period.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Purchaser Representations and Transfer Restrictions" on pages 1, 4 and 236, respectively

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 and 62 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under the section entitled "*Purchaser Representations and Transfer Restrictions*" on page 236.

Additionally, in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Securities is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. Further, the Bidders need to confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S state securities laws. Accordingly, the Equity Shares are being offered and sold only outside of the United States in "offshore transactions" as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 236.

Australia

This Preliminary Placement Document:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "**Corporations Act**");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and

- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors ("**Exempt Investors**"), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Preliminary Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("BMA") has not reviewed, nor has it approved, the Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

British Virgin Islands

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on our behalf. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a "**BVI Company**"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This Preliminary Placement Document has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered document has been or will be prepared in respect of the Equity Shares for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "SIBL"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL.

European Economic Area

In relation to each Member State of the European Economic Area (each a "Relevant State"), no Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Shares at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Shares shall require the Issuer or any Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree is not a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made.

If an offeree is a Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made. To subscribe to the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Kuwait

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Preliminary Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a

Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Preliminary Placement Document is subject to Malaysian laws. This Preliminary Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

Sultanate of Oman

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("CMA") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Preliminary Placement Document will not take place inside Oman. The Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Preliminary Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Preliminary Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Preliminary Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center ("QFC"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Equity Shares, may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, of Singapore as modified and amended from time to time (the "SFA")) or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the offering, our Company or the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "Promotion") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "UAE") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "SCA") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "Promotion and Introduction Regulations"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "High Net Worth Individuals") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

Dubai International Financial Centre

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("DFSA"). This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/ or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document you should consult an authorized financial advisor. In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the BRLMs for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA provided that no such offer of the Equity Shares shall require the Issuer or any placement agent to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Other Jurisdictions

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Preliminary Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsels prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the BSE or the NSE. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 246.

Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.
- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.
- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S), and such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.
- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.
- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S.
- It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S.
- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.
- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or any of the BRLMs for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require

any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment

- It has been provided access to this Preliminary Placement Document and will be provided access to the Placement Document which it has read in its entirety.

- It agrees to indemnify and hold the Company and each of the BRLMs harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold any of the Company or the BRLMs liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

It acknowledges that the Company and the BRLMs and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify the Company and the BRLMs. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein..

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investor, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SEBI ICDR Regulations, 2013, the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by SEBI and the Stock Exchanges. The SCRA and the SCRR empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended, govern the voluntary and compulsory delisting of equity shares from the stock exchanges. Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of

12 months from the date of such the public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such commencement or fall, respectively, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above mentioned requirements.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation fully automated BSE on-line trading platform (“**BOLT+**”) through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (“**NEAT**”), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Settlement

The stock exchanges in India operate on a trading day plus one, or T+1 rolling settlement system. At the end of the T+1 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Tuesday.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management’s discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover

Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

SEBI Insider Trading Regulations

SEBI had earlier notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prohibit and penalise insider trading in India. The regulations, among other things, prohibited an 'insider' from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

Further, the board of directors or head(s) of the listed entities are required to maintain a structured digital database containing, *inter alia*, the nature of UPSI, the names of such persons who have shared the UPSI and the names of persons with whom such UPSI is shared under the SEBI Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is the information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association and the Companies Act. The prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share Capital

The authorised share capital of the Company is ₹ 2,10,00,00,000 comprising of 2,00,00,00,000 Equity Shares (of face value of ₹1 each) and 1,00,00,000 Preference Shares (of face value of ₹10 each). As on the date of this Preliminary Placement Document, the issued, subscribed and paid-up capital of the Company is ₹ 1,67,98,80,784 comprising of 1,67,98,80,784 Equity Shares (of face value of ₹1 each). For further details please see "***Capital Structure***" on page 97. The Equity Shares are listed on BSE and NSE.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act provides that shares of the same class of a company must receive equal dividend treatment.

These distributions and payments are required to be paid to or claimed by shareholders within 30 days of the date of declaration of dividend. The Companies Act states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account within seven days from the date of expiry of the period of 30 days. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by our Company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles authorize the Board to pay to the members such interim dividends of such amount on such class of shares and at such time as it may think fit. Under the Companies Act dividends payable can be paid only in cash to the registered shareholder at a record date fixed prior to the relevant AGM, to his order or to the order of his banker. However, any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

No dividend shall be payable except out of the profits of the year or any other undistributed profits of the Company, or otherwise than in accordance with the provisions of the Act and no dividend shall carry interest as against the Company.

Bonus Shares

In addition to permitting dividends to be paid as described above, the Companies Act permits the Board, subject to the approval of the Shareholders of our Company, to distribute to the Shareholders, in the form of fully paid-up bonus shares, an amount transferred from the company's free reserves, securities premium account or the capital redemption reserve account. These bonus equity shares must be distributed to the Shareholders in proportion to the number of equity shares owned by them.

Bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/interest payments on fixed deposits or debt securities issued by it. Bonus shares shall not be issued in lieu of dividend. Further, listed companies are also required to follow the SEBI ICDR Regulations for issuance of bonus shares.

Pre-Emptive Rights and Issue of Additional Shares

The Companies Act gives shareholders the right to subscribe for new shares in proportion to their existing shareholdings unless otherwise determined by a resolution passed by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. Under the Companies Act, in the event of an issuance of securities, subject to the limitations set forth above, our Company must first offer the new Equity Shares to the holders of Equity Shares at the date of offer. The offer shall be made by notice specifying the number of Equity Shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. The offer, required to be made by notice, shall include a statement that the right exercisable by the Shareholders to renounce the Equity Shares offered in favour of any other person.

Our Board is permitted to distribute Equity Shares not accepted by existing shareholders in the manner it deems beneficial for us, in accordance with the Articles. Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, in the event a special resolution to that effect is passed by our Shareholders in a general meeting. In addition, our Company will also be required to comply with the SEBI ICDR Regulations.

Issuance of Preference Shares

Subject to Section 55 of the Companies Act, any new shares may be issued as preference shares or convertible preference shares which are liable to be redeemed in any manner permissible under the Companies Act.

General meetings of shareholders

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. Our Company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board may convene an EGM when necessary or at the request of Shareholders in accordance with the Companies Act. Written notice or notice via electronic mode means setting out the business to be transacted at the meeting must be given at least 21 days prior to the date set for the general meeting to the Shareholders. Shorter notice is permitted if consent is received from 95% of the Shareholders entitled to vote at such meeting. As per the provisions of the Companies Act and the Articles of Association, all general meetings other than Annual General Meetings shall be called EGM. The Board may, whenever it thinks fit, call an Extraordinary General Meeting. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Five Shareholders or such other number of Shareholders as required under the Companies Act or applicable laws personally present shall constitute quorum for a general meeting. The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.

Voting rights

A shareholder has one vote for each equity share and voting may be on a poll or through electronic means or postal ballot.

Ordinary resolutions may be passed by simple majority if the votes cast in favour exceeds the votes cast against the resolution. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Companies Act read with the rules issued thereunder. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting.

Transfer and transmission of shares

Equity Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to STT (levied on and collected by the stock exchanges on which such equity shares are sold). Our Company has entered into an agreement for such depository services with NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered. Further, SEBI has mandated that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019.

Pursuant to the SEBI Listing Regulations, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of Equity Shares shall not be processed unless the Equity Shares are held in dematerialized form with a depository.

The Equity Shares shall be freely transferable, subject to applicable laws.

Winding up

Our Articles of Association provide that on winding up, the liquidator may, with the sanction of a special resolution and any other sanction required under the Companies Act, 2013, divide amongst the members, in specie or kind, the whole or any part of the assets of our Company, whether they shall consist of property of the same kind or not, and vest the whole or any part of the assets of the Company in trustees upon such trust for the benefit of the contributories if considered necessary.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY, TO MATERIAL SUBSIDIARIES AND TO SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Hindustan Construction Company Limited
Hincon House, Lal Bahadur Shastri Marg
Vikhroli West, Mumbai 400083

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, 10th Floor
Rahimtullah Sayani Road
Prabhadevi, Mumbai 400025

Elara Capital (India) Private Limited
One International Center, Tower 3,
21st Floor, Senapati Bapat Marg,
Elphinstone Road (West), Mumbai 400013

(Motilal Oswal Investment Advisors Limited, and any other book running lead manager appointed in connection with the Placement are collectively referred to hereinafter as the "**Book Running Lead Managers**")

Sub: Subject: Statement of tax benefits ("Statement") available to Hindustan Construction Company Limited (the "Company") and its shareholders prepared in accordance with the Securities Exchange and Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations")

We, S Ramanand Aiyar & Co, the Independent Chartered Accountants of the Company, hereby confirm that the enclosed **Annexure A**, prepared by the Company, showing the current position of possible special tax benefits available to the Company and its material subsidiary i.e. Steiner AG, and the shareholders of the Company, as per the provisions of the Indian direct and indirect tax laws including the Income Tax Act, 1961 (the "**Act**"), the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, each as amended (collectively, the "**Tax Laws**") including the rules, regulations, circulars and notifications issued in connection with the Tax Laws as presently in force and applicable to the assessment year 2025-2026 relevant to the financial year 2024-2025.

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

The contents stated in the **Annexure A** are based on the information and explanations obtained from the Company and confirmation received from the advisors of the overseas material subsidiary of the Company with respect to the possible special tax benefits in their respective overseas jurisdictions along with other records such as agreements, secretarial records, other statutory records maintained by the Company, management representation letter and other documents presented to us.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the placement particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest based on this statement.

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

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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

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

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

We hereby consent to be named an "expert" under the Companies Act, 2013, as amended, and our name may be disclosed as an expert to any applicable legal or regulatory authority insofar as may be required, in relation to the statements contained therein. We further confirm that we are not and have not been engaged or interested in the formation or promotion or management of the Company.

We also consent to the inclusion of this Statement and the Annexure as a part of "Material Contracts and Documents for Inspection" in connection with the placement, which will be available for inspection from date of the filing of the Preliminary Placement Document until the Closing Date.

We hereby consent to (a) include this certificate and the enclosed Annexure or extracts thereof in the Placement Documents of the Company or any other material in connection with the placement; and/ or (b) submission of this certificate as may be necessary, to the Stock Exchanges, SEBI or to any regulatory authority and for the purpose of, but not limited to, any defence **Motilal Oswal Investment Advisors Limited** and **Elara Capital (India) Private Limited** (the "**Lead Managers**" or "**LMs**") may wish to advance in any claim or proceedings in connection with the placement or contents of the placement related documents; and/or (c) the use of this certificate for the records maintained by the Lead Managers in connection with the placement and in accordance with applicable law.

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

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

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

Binod C Maharana
Partner
Membership No. 056373
UDIN: 24056373BKABTX9722

Encl: As Above

Cc:

Legal Counsel to the Company

Cyril Amarchand Mangaldas & Co.
5th floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400013

Legal Counsel to the Book Running Lead Manager

Rajani Associates, Advocates and Solicitors
204-207, Krishna Chambers
59 New Marine Lines
Mumbai 400020

Annexure A

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

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

LEGAL PROCEEDINGS

We are, from time to time, involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of, amongst others, civil suits, criminal cases, tax proceedings, regulatory and statutory actions. These legal proceedings may have been initiated by us or by customers, business partners, regulators, or other parties, and are pending at different levels of adjudication before various courts and tribunals. We assess each such legal proceeding filed by or against us and monitor the legal position on an ongoing basis.

*As on the date of this Placement Document, except as disclosed below, there is no outstanding legal proceeding which has been considered material in accordance with our Company's "Policy for Determination of Materiality of Any Event / Information" framed in accordance with Regulation 30 of the SEBI Listing Regulations ("**Materiality Policy**").*

The following legal proceedings have been disclosed in this section:

(a) all outstanding criminal litigation (including matters which are at first information report stage) involving (which includes cases filed by and against) our Company and its Material Subsidiaries will be disclosed individually*;*

(b) all outstanding criminal litigation (including matters which are at first information report stage where no/some cognizance has been taken by the court or judicial authority) involving (which includes cases filed by and against) the Company and its Material Subsidiaries will be disclosed individually;

(c) all outstanding criminal litigation (including matters which are at first information report stage where no/some cognizance has been taken by the court or judicial authority) involving (which includes cases filed by and against) the Company and its Material Subsidiaries will be disclosed individually;

(d) all outstanding civil litigation / arbitration proceedings / tax proceedings involving (which includes cases filed by and against) the Company and its Material Subsidiaries, where the amount involved exceeds ₹ 17.81 crore (being 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company) ("Materiality Threshold") or above, will be disclosed individually;

(e) other outstanding litigation or arbitration proceedings involving the Company and its Material Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of the Company on a consolidated basis will be disclosed individually;

(f) any proceedings involving the non-material subsidiaries which are considered material by the Company on a consolidated basis.

(g) any other litigation whether or not involving the Company, its Material Subsidiaries which may be considered material in the opinion of the Board of Directors of the Company will be disclosed individually

This Placement Document also discloses (a) any inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or any previous companies law in the last three years preceding the year of this Placement Document involving our Company, our Subsidiaries and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of the Preliminary Placement Document and this Placement Document involving our Company or our Subsidiaries; (b) any material fraud committed against the Company in the last three years, and if so, the action taken by the Company; (c) any significant and material order passed by the regulators, courts and tribunals impacting the going concern of the Company or its future operations; (d) any default by the Company (on a consolidated basis) including therein the amount involved, duration of default and present status, in repayment of: (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; or (iv) loan from any bank or financial institution and interest thereon and (e) any default in annual filing of the Company under the Companies Act 2013 or the rules made thereunder

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties, as the case may be, shall not, unless otherwise decided by the board of directors of the Company, be considered material until such time that the Relevant Parties are not impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Litigation involving our Company

Litigation against our Company

Criminal Proceedings

1. The Deputy Commissioner of GST and Central Excise, Mumbai- VII ("**Commissioner**") issued show cause notice cum demand notices ("**Demand Notices**") in relation to *inter alia* discharge of short-paid service tax liability

amounting to ₹396.63 crore. The Commissioner adjudicated the Demand Notices and pursuant to its order dated December 12, 2013, confirmed the service tax demand payable by our Company ("**Demand Order**"). Our Company filed an appeal challenging the Demand Order before the Customs, Excise and Service Tax Appellate Tribunal ("**CESTAT**"). The CESTAT remanded the matter to the Commissioner for fresh consideration on August 11, 2014. Subsequently the Commissioner filed a criminal complaint before the Chief Metropolitan Magistrate, Mumbai ("**Magistrate**") against our Company on August 15, 2014 under relevant provisions of the Indian Penal Code, 1860, Central Excise Act, 1944 and the Finance Act, 1994 alleging *inter alia*, wrongful classification of the construction of commercial services as works contracts with an intention to avail service tax concessions. The Magistrate passed an order on November 12, 2014 ("**Magistrate Order**") issuing process against our Company, pursuant to which our Company filed an appeal before the Sessions Court, Mumbai on July 6, 2015 ("**Appeal**"). In the parallel, the Commissioner on July 6, 2015 rejected the contentions of our Company and confirmed the demand and assessment of tax ("**Order**"). Our Company on July 6, 2015 filed an appeal against the Order before the CESTAT. Meanwhile, the Sessions Court dismissed our Appeal on September 19, 2017. Subsequently, our Company has filed a criminal writ petition before the High Court of Bombay ("**High Court**") on December 18, 2017, seeking *inter alia* quashing of the Magistrate Order **("Writ Petition**"). The CESTAT on October 23, 2019 allowed our appeal against the Order. Thereafter, our Company filed an additional affidavit on November 30, 2022 in Writ Petition placing the order dated October 23, 2019. The High Court issued an order on April 5, 2023 and stayed the criminal proceedings before the Magistrate. On July 3, 2024, the Commissioner filed an appeal ("**Central Excise Appeal**") before the Bombay High Court, against the order passed by CESTAT on October 23, 2019 and the matter has been remanded. The matter is currently pending.

2. The Central Bureau of Investigation ("**CBI**") filed a criminal complaint before the Additional Special Judge for CBI Cases, Chennai ("**Additional Special Judge**") against our Company on June 30, 2000 represented by our Chairman and Non-Executive Non-Independent Director Ajit Gulabchand and others (collectively, the "**Accused**") under relevant provisions of the Indian Penal Code, 1860 and the Prevention of Corruption Act, 1988, alleging cheating, criminal conspiracy and corruption in relation to *inter alia,* the payment received by our Company for operational delays for the construction of a satellite port in Chennai. The Additional Special Judge dismissed the case and acquitted the Accused from all the charges, pursuant to its order on April 7, 2016. CBI has subsequently preferred an appeal before the Madras High Court on February 2, 2017 against the acquittal of the Accused. The matter is currently pending.

3. The Regional Provident Fund Commissioner, Jamnagar ("**EPFO**") issued a notice on December 21, 2015, to our Company under Section 14 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF Act**") in relation to *inter alia* failure in uploading of bank accounts of provident fund members of the establishment of our Company at Sikka, Jamnagar. Subsequently, the EPFO filed a complaint against our Company before the Chief Metropolitan Magistrate Court, Jamnagar on March 9, 2016 ("**Complaint**"), alleging non-compliance of provisions of the EPF Act by our Company. Our Company has filed an application on May 1, 2017, before the Hight Court of Gujarat seeking *inter alia* quashing of the Complaint. The matter is currently pending.

4. Super Sonic Carrier Private Limited ("**Complainant**") has filed a criminal complaint on November 30, 2022 ("**Complaint**") before the Chief Metropolitan Magistrate, Calcutta ("**Magistrate**") against our Company under the Code of Criminal Procedure, 1973 for committing offences under relevant provisions of the Indian Penal Code, 1860 alleging cheating, criminal misappropriation and criminal conspiracy by our Company for not making payments for the transportation services provided by the Complainant in relation to the delivery of goods and materials of our Company. Our Company has filed a criminal revision application on September 15, 2023 before the High Court of Calcutta ("**Court**") seeking directions for quashing of the criminal proceedings. The Court has passed an order for stay of the complaint until the next hearing. On November 11 2024, the Company entered into a settlement agreement with Super Sonic Carrier Pvt. Ltd. The matter currently stands settled and is pending for withdrawal.

5. Nitesh Badlani, the managing director of Midaas Construction Company Private Limited (the "**Complainant**") has filed a criminal case before the Chief Judicial Magistrate at Alipore, 24 Paraganas ("**Magistrate**") against our Chairman Ajit Gulabchand and our Vice Chairman and Executive Director Arjun Dhawan, Director Ramanujacharyulu Nateri and former Directors Shalaka Gulabchand Dhawan and Rajas Ratanchand Doshi, former Chief Financial Officer Praveen Sood, and Former Chief Executive officer Amit Upelnchwar; Former Chief Operational Officer Ambuj Jain; and former Construction Head Issac Joseph (collectively, the "**Former Representatives**") in their capacity as Directors and employees of our Company under relevant provisions of the Indian Penal Code, 1860, alleging non-payment of dues for various infrastructure works carried out by the Complainant, which were sub-contracted by our Company to the Complainant. The Magistrate took cognizance of the complaint and directed the Police, Behala, Kolkata Police Station ("**Police**") to register an FIR investigate the matter and file a compliance report. The Police filed an FIR against our Director and Former Representatives on July 12, 2022. The Former Representatives filed a criminal revision application before the High Court of Calcutta, seeking inter alia quashing of the criminal proceedings as the same became infructuous as the police filed a closure report. The Complainant filed a petition before the Magistrate on November 30, 2023. The petition was admitted by the Magistrate on June 19, 2024 and further investigation was ordered. The persons named in FIR had filed Criminal Revision Petition before the Kolkata High Court against the order of the Magistrate. Consequently, the High Court passed an order dated September 20, 2024 wherein the Court ordered that no-coercive steps to be taken against the petitioners until further

order. The matter is currently pending.

6. Kamal Kumar Mishra (the "**Complainant**") filed an FIR against our Managing Director, Ajit Gulabchand and our Vice Chairman and Executive Director, Arjun Dhawan in their capacity as Directors and others (collectively, the "**Accused**") on September 23, 2019 under relevant provisions of the Indian Penal Code, 1860 alleging cheating, criminal breach of trust and criminal intimidation for non-payment of interest amount on the principal amount raised against the bills for supply of crushed stones sent by the Complainant to our Company for the Indo- Nepal Road Project (the "**Project**") at NH 233 in the state of Uttar Pradesh awarded by National Highway Authority of India. However, the Project was foreclosed by mutual consent due to issues relating to resource sourcing by the Ministry of Road Transport and Highways which resulted in financial losses to the Company. The Complainant entered into a settlement agreement on September 8, 2018 wherein our Company agreed to reimburse the balance amount due without any interest component on delayed payment in five installments. Even after discharging the liability, the Complainant filed an FIR against our Company claiming non-payment of interest for delayed payment. Our company has filed a writ petition before High Court of Allahabad, seeking, inter alia, quashing of the FIR on grounds of it being filed by the Complainant only to harass our Company. The High Court of Allahabad passed an order dated October 19, 2024 wherein it granted that no-coercive steps shall be taken against the Company until further order. The matter is currently pending.

7. Mr. Ashok Mehta ("**Complainant**") has filed a criminal complaint on November 30, 2022 ("**Complaint**") before the Judicial Magistrate, Vikash Nagar, Dehradun ("**Magistrate**") against our Chairman, Mr. Ajit Gulabchand and other two employees under the Code of Criminal Procedure, 1973 for committing the offences of cheating and breach of trust under the provisions of the Indian Penal Code, 1860, alleging that they have not make payments for the civil work undertaken by the Complainant at Chamera HEP Project. The Judicial Magistrate, Vikasnagar Dehradun, as per order dated November 6, 2024, has summoned the accused in the matter on December 21, 2024. The matter is pending.

8. The State of Jammu & Kashmir has filed an FIR dated November 12, 2024 against the Company and Mr .Raman Puri, erstwhile Chief Engineer, Mughal Road Project PWD, R&B Department for allegedly agreeing to a price escalation clause with the Company. In this regard, an arbitration award was passed on March 28, 2019 for ₹ 21 crore, along with cost and interest amounting to ₹ 11.27 crore, in favor of the Company. The Company has filed a quashing petition along with an interim application on December 3, 2024 at Srinagar High Court to obtain a stay against the FIR. The matter is pending.

9. JK Pollution Control Committee, through its member secretary ("JKPCB") has filed criminal complaint before Chief Judicial Magistrate, Ramban against various parties, including Isaac Joseph, Project Director, Hindustan Construction Company for offences under sections of the Water (Prevention & control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act 1981 and Environment (Protections) Act 1986, alleging that during execution of a four lane project by NHAI and its contractor, excavation and disposal of muck was carried out in an unscientific manner, thereby causing damage to the Chenab and other rivulets, adversely effecting the river course which in turn has endangered the human life, aquatic fauna, flora and natural environment of the area. As per an order dated September 2, 2021, the Chief Judicial Magistrate took cognizance of offence and issued summons. The matter is currently pending.

10. Gh. Mohi-ud-din Bhat ("**Complainant**") filed a criminal complaint against the Company dated March 23, 2023, through Mr. Mohammad Azharuddin, Vice President - Procurement & Subcontracts for the Company before the Chief Judicial Magistrate, 1st Class at Kulgam u/s sections 420, 418 and 506 of the Indian Penal Code, 1860. The Complainant alleged that he had supplied material to the Company and that the Company failed to pay ₹ 2,47,222, thereby causing the Complainant monetary loss. The matter is currently pending.

11. Shamsuddin Bhat ("**Complainant**") filed a criminal complaint dated June 29, 2016 under section 420 of the Indian Penal Code, 1860 against our Chairman and Managing Director and certain other parties before the Chief Judicial Magistrate, Kargil, alleging that the Company failed to pay ₹77,95,767 to the Complainant for civil work done by them. The Chief Judicial Magistrate, Kargil, passed an order dated February 27, 2018 ("**Order**"), rejecting the complaint due to the non-appearance of the Complainant. Against the Order, the Complainant has filed a criminal revision petition before the Jammu & Kashmir High Court. The matter is currently pending.

12. The State has filed a criminal complaint against a Mr. Kuldeep Aadram before the Patiala House Court, Delhi ("**Court**") under sections 279, 337, 304A, and 283 of the Indian Penal Code, 1860, regarding an accident on June 2, 2019, wherein during the construction of an underpass at a project site of the Company there was a collision of a crane and a tempo vehicle, which resulted in the deaths of three people. Chargesheet was filed by the police on May 26, 2023, charging the crane operator, Mr. Kuldeep Aadram, and the deceased tempo driver, Mr. Vipin Kumar for negligent driving. The Court ordered further investigation, following which the police filed a supplementary chargesheet, stating that the Company was responsible for the accident due to it being its project. The matter is currently pending.

Material Civil Proceedings

1. State Bank of India ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an

erstwhile subsidiary of our Company, by way of an original application dated December 29, 2017 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹176.77 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries, HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL, in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

2. Bank of Baroda ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company, by way of an original application dated July 8, 2016 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹71.42 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries, HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

3. Union Bank of India ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated September 29, 2020 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹281.36 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

4. Corporation Bank ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated June 25, 2018 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹19.85 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

5. Central Bank of India ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated January 16, 2021 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹194.52 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

6. Punjab National Bank ("**Claimant**") initiated recovery proceedings against Lavasa Corporation Limited ("**LCL**"), an erstwhile subsidiary of our Company by way of an original application dated December 24, 2020 under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 before the Debt Recovery Tribunal -I at Mumbai, seeking *inter alia* a claim of ₹708.52 crore payable by LCL on account of outstanding debts due from the credit facilities extended by the Claimant (along with other lenders as part of a consortium) to LCL. The Claimant also impleaded our Company and one of our Subsidiaries, HCC Real Estate Limited ("**HREL**") in the recovery proceedings as co-defendants along with LCL in their capacity as guarantors to the abovementioned credit facilities. The matter is currently pending.

7. The Director General Naval Project, Mumbai ("**DGNP**") initiated arbitration proceedings against our Company. Our Company had entered into a contract with the DGNP ("**Contract**") in relation to the re-construction of the dry dock and associated north and south wharves at the Naval Dockyard, Mumbai ("**Project**"). Under the terms of the Contract, the considerable payable by DGNP to our Company was inclusive of service tax, which was 4.12% of the value of the Contract. The service tax was paid by our Company on behalf of DGNP. The dispute between the parties had arisen in relation to, *inter alia*, adjustment or refund of accepted contract price to exclude the amount of service tax included in it due to non-applicability of service tax to the nature of the Contract. DGNP filed claims amounting to ₹65.42 crore along with *pendent lite* and post-award interest till date of payment at the rate of 18% per annum along with financing charge at the rate of 15% per annum, and a declaration that the Contract price includes service tax at the rate of 4.12% of the Contract value. The arbitral tribunal passed an award on December 27, 2018 dismissing claims of DGNP ("**Award**"). DGNP challenged the Award and prayed for stay of operation of the Award before the High Court of Bombay. The matter is currently pending.

Material Tax Proceedings

Indirect Tax

1. The Senior Joint Commissioner, Sales Tax, Large Tax Payer Unit, Calcutta ("**Commissioner**") issued a draft assessment order ("**Order**") on June 27, 2016 under the West Bengal Value Added Tax Act, 2003 ("**WBVAT Act**")

and the rules made thereunder, for the financial year 2013-14 to our Company requiring payment of a tax demand of ₹31.25 crore on our recorded income of ₹187.58 crore towards an arbitration claim for the Teesta Low Dam Project ("**Project**"), assessing it as contractual transfer price ("**CTP**"). Additionally, the Commissioner disallowed certain expenses under Rule 30(1) read with Section 18 of the WBVAT Act towards sub-contracting expenses, labour charges and other related expenses of the Project. Being aggrieved by the CTP, our Company challenged the Order under Section 8 of the West Bengal Taxation Tribunal Act, 1987 before the West Bengal Tax Tribunal ("**Tribunal**") on August 2, 2016 disputing such addition of the arbitration award as CTP as it did not involve any transfer of property in goods and was only a compensation claim for costs incurred by our Company on the Project. The matter is currently pending.

Direct Tax

1. The Assessing Officer ("**AO**") passed an assessment order dated December 26, 2017 in relation to the assessment year 2015-16, u/s 143(3) of the Income Tax Act, 1961. The AO assessed our total income under normal provisions at a loss of ₹656.16 crore and book profit at ₹62.56 crore after making various additions. However, on scrutiny of the annual accounts, it was observed that during AY 2014-15 there was a book profit of ₹80.64 crore which was carried to the reserve and surplus. It was alleged that our Company had no book loss and all the losses prior to FY 2013-14 had already been absorbed. Consequently, a show cause notice u/s 263 of the Income Tax Act, 1961 dated March 15, 2021 was issued to our Company by the Commissioner of Income Tax ("**CIT-6**"). Our Company filed its response by means of a letter dated March 22, 2021. Subsequently, an order u/s 263 of the Income Tax Act, 1961 was passed by the Principal Commissioner of Income Tax, Mumbai ("**PCIT**") on March 30, 2021 wherein the assessment order of the AO was found to be erroneous and was set aside and directed the AO to pass on order *de novo* ("**Order**"). As per the directions of the CIT-6, the AO passed an order dated March 15, 2022, assessing the loss under the normal provisions at ₹613.58 crore. However, erroneously, the issue of brought forward loss was not adjudicated in this order and hence the book profit was again assessed at ₹65.47 crore. Parallelly, our Company filed an appeal against the Order of the PCIT before the Income Tax Appellate Tribunal, Mumbai ("**ITAT**") contending that Order of the AO was not erroneous. The ITAT in its order dated August 25, 2022 ("**Impugned Order**") dismissed the appeal and confirmed the order of the PCIT. Our Company filed a miscellaneous application against the Impugned Order ("**Application**") for rectification. The ITAT in its order dated October 4, 2023 allowed the Application and has remanded back the matter to the AO to re-verify the claim and allowances *de novo*. The amount involved in the matter is approximately ₹27.80 crore. The matter is currently pending.

Proceedings before regulatory authorities involving material violations of statutory regulations

Nil

Matters involving economic offences where proceedings have been initiated against our Company

Nil

Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company

1. Jagannath Hanumant Sonawane and others (collectively, the "**Appellants**") filed an appeal before the Special Tribunal constituted under the Slum Act ("**Tribunal**") against the Slum Rehabilitation Authority ("**SRA**"), State of Maharashtra and our Company, being aggrieved by a notification on April 11, 2011, by which the property of our Company in Vikhroli (East) was declared as Slum Rehabilitation Area under Section 3C (1) of the Maharashtra Slum Area (Improvement, Clearance and Redevelopment) Act, 1971 ("**Slum Act**"). The Tribunal dismissed the said appeal by its order on December 7, 2011 ("**Order**"). The Appellants filed a writ petition before the High Court of Bombay challenging the Order. The High Court of Bombay disposed of the said writ petition by order on May 11, 2012, *inter alia*, remitted the matter to the Tribunal granting the Appellants an opportunity to demonstrate that the said property does not meet the criteria for declaring it a slum rehabilitation area ("**Impugned Order**"). Pursuant to which, the Appellants and our Company have filed an appeal and a counter-appeal before the High Court of Bombay against the Impugned Order respectively. The appeals have been admitted. The matters are currently pending.

2. Mr. Amresh Singh ("**Complainant**") filed a complaint dated May 23, 2016 with National Green Tribunal ("**NGT**") against the Company, Union of India, NHAI, Gammon, CPPL and various other authorities, alleging environmental damage in the project area while carrying out the Ramban Banihal Road Project ("**Project**"). The NGT appointed a Monitoring Committee, to visit the site and to provide their report on damage caused to environment. As per the report submitted, the NGT passed an order dated October 29, 2021 ("**Order**") and directed the NHAI and JKPCB to comply with the directions stated therein. The Complainant filed Execution Application for seeking implementation of the Order. In its order dated July 15, 2024 the NGT directed the respondents to file compliance reports at least a week before the subsequent hearing on October 15, 2024. On October 15, 2024, the NGT heard arguments and ordered that the compensation is to be set off against the remedial work performed by the contractors of the Project, subject to its review. The matter is currently pending.

Litigation by our Company

Material Civil Proceedings

1. Our Company initiated arbitration proceedings against Municipal Corporation of Greater Mumbai ("**MCGM**"). Our Company had entered into a contract with MCGM in relation to the construction of tunnel work from Maroshi to Ruparel College in Mumbai ("**Project**"). The dispute had arisen between the parties in relation to *inter alia* the claims made by our Company for reimbursements of various costs incurred by our Company during the period of extended overstay on site to complete the Project. The arbitral tribunal passed an award dated March 27, 2019, ("**Award**"), directing MCGM to pay costs amounting to ₹115.96 crore along with pre-Award and post-Award interest to our Company. Subsequently, MCGM challenged the Award under Section 34 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**") before The High Court of Bombay ("**Court**"). The Court, pursuant to its order on July 1, 2019, granted a stay on the operation of the Award until disposal of the application, subject to MCGM depositing 50% of the awarded sum computed with interest till the date of deposit being ₹80.43 crore and furnishing of a bank guarantee by our Company for seeking withdrawal of the amount deposited by MCGM. Our Company has withdrawn the said amount by furnishing bank guarantees. The matter is currently pending.

2. Our Company initiated arbitration proceedings against the Director General Naval Project, Mumbai ("**DGNP**"). Our Company had entered into a contract with the DGNP in relation to the re-construction of the dry dock and associated north and south wharves at the Naval Dockyard, Mumbai ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to the delay in the completion of the Project. The DGNP filed counter claims for delay damages, additional costs and excess payment on account of cost difference of bulk and retail of high speed diesel against our Company. The arbitral tribunal passed an award dated July 19, 2019 and amended award dated August 24, 2019 ("**Award**") awarding an amount equivalent to ₹145.49 crore (including pre-Award interest) together, along with post-Award interest at the rate of 8.75% per annum. The counter claim of DGNP for delay damages and additional costs was rejected and their claim for additional costs for excess payment on account of cost difference of bulk and retail of high speed diesel was allowed amounting to ₹1.26 crore which includes pre-Award interest at the rate of 10% per annum along with post-Award interest @8.75% per annum. DGNP challenged the Award through a petition under Section 34 of the Arbitration Act ("**Petition**") before the High Court of Bombay ("**Court**") and our Company has *inter alia* filed an interim application in the Petition seeking (i) to direct DGNP to deposit the entire awarded amount in the Court, pending the hearing and final disposal of the petition; (ii) that our Company be permitted to withdraw the said deposited amount or substantial part thereof against suitable security. The Court passed an order on October 21, 2022 for stay on the execution of the Award, subject to a deposit of ₹141.80 Crore by DGNP and furnishing of a bank guarantee by our Company for seeking withdrawal of the amount deposited by DGNP. Our Company has withdrawn the said amount by furnishing bank guarantees. The matter is currently pending.

3. Our Company initiated arbitration proceedings against the Director General Naval Project, Mumbai ("**DGNP**"). Our Company had entered into a contract with DGNP in relation to the re-construction of the dry dock and associated north and south wharves at the Naval Dockyard, Mumbai ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to the delay in the completion of the Project. The arbitral tribunal passed an award dated September 13, 2021 and a rectified award dated November 15, 2021 ("**Award**"), directing DGNP to pay ₹22.86 crore along with a pre-Award interest at the rate of 9% per annum to be compounded monthly and post-Award simple interest at the rate of 11% per annum till the sum of ₹22.86 crore, including pre-Award interest was paid in full. The DGNP has challenged the Award through a petition under Section 34 of the Arbitration Act before the High Court of Bombay along with an interim application for stay on the execution of Award. The Court passed an order on November 28, 2024 for stay on the execution of the Award, subject to a deposit of ₹55.88 crore by DGNP in six weeks' time and our Company has been granted liberty to file an application for seeking withdrawal of the amount deposited by DGNP. The matter is currently pending.

4. Our Company initiated arbitration proceedings against the Director General Naval Project, Mumbai ("**DGNP**"). Our Company had entered into a contract with the DGNP in relation to the re-construction of the dry dock and associated north and south wharves at the Naval Dockyard, Mumbai ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, extension of time, and additional costs incurred due to delay in the completion of the Project. The DGNP filed counter-claims against our Company alleging that the delay in completion of the Project was attributable to our Company. The arbitral tribunal passed an award dated February 8, 2023 and a rectified award dated April 6, 2023 ("**Award**"), granting an extension for completion of the Project and directing the DGNP to pay ₹154.10 crore with pre-Award interest at the rate of 9.75% per annum compounded monthly from October 19, 2018 till the date of the Award and post-Award interest at the rate of 11% per annum. The DGNP has challenged the Award through a petition under Section 34 of the Arbitration Act before the High Court of Bombay ("**Court**") along with an interim application for stay on the execution of Award. The Court passed an order dated November 9, 2023 ("**Order**") for stay on the execution of the Award, subject to a deposit of ₹253.44 crore by DGNP. The DGNP has deposited the amount and the Court has permitted our Company to seek withdrawal of the amount deposited by DGNP by furnishing of bank guarantee(s). Our Company has partially withdrawn the said amount by furnishing bank guarantees. The matter is currently pending.

5. Our Company initiated arbitration proceedings against Kolkata Metropolitan Development Authority ("**KMDA**")

claiming an amount of ₹104 crore along with interest. Our Company had entered into a contract with the KMDA in relation to the construction of the elevated road corridor from Park Circus to EM bypass near Parama Island in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to delay in the completion of Project. Further, KMDA has filed various counter-claims involving an amount of ₹159.92 crore along with interest at the rate of 18% per annum alleging that the delay in completion of the Project was attributable to our Company. The arbitrator passed an award dated July 26, 2021 and a rectified order dated September 14, 2021 rejecting all claims and counter-claims ("**Award**"). Our Company has challenged the Award under Section 34 of the Arbitration Act before the High Court of Calcutta. The matter is currently pending.

6. Our Company initiated arbitration proceedings against Kolkata Metropolitan Development Authority ("**KMDA**") claiming an amount of ₹53.26 crore along with interest. Our Company had entered into a contract with the KMDA in relation to the construction of the elevated road corridor from Park Circus to EM bypass near Parama Island in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, losses incurred on account of unrecovered equipment charges, unrecovered manpower cost, unrecovered overheads, earning capacity and profit, and financing charges, arising due to uncontemplated reduction in productivity/underutilization. The arbitrator passed an award dated July 26, 2021 and a rectified order dated September 14, 2021 rejecting all claims of our Company ("**Award**"). Our Company has challenged the Award under Section 34 of the Arbitration Act before the High Court of Calcutta. The matter is currently pending.

7. Our Company initiated arbitration proceedings against Kolkata Metropolitan Development Authority ("**KMDA**"). Our Company had entered into a contract with KMDA in relation to the construction of the elevated road corridor from Park Circus to EM bypass near Parama Island in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, claim for payment against variation in the quantities of piling works. KMDA has filed various counter-claims alleging that the delay in completion of the Project was attributable to our Company. The arbitrator passed an award dated December 18, 2017 and rectified award dated February 5, 2018, awarding our Company a sum of ₹21.28 crore along with interest and costs ("**Award**"). KMDA has challenged the Award through a petition under Section 34 of the Arbitration Act before the Court. The Court, pursuant to its order on July 3, 2018, passed a stay on the operation of the Award until disposal of the arbitration proceedings, subject to KMDA furnishing a bank guarantee of ₹22 crore in favour of our Company. The matter is currently pending.

8. Our Company initiated arbitration proceedings against North-Eastern Electric Power Corporation Limited ("**NEEPCO**"), claiming an amount of ₹53.26 crore. Our Company had entered into a contract with NEEPCO for construction of 2X55 MW Pare Hydro Electric Project, District Papumpare, Arunachal Pradesh, India ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, claims for costs incurred during the period from July 1, 2011 to August 30, 2012 towards the execution of varied works and additional costs incurred due to delay in the completion of the Project. The arbitrator passed an award dated August 8, 2017 against our Company rejecting our claims ("**Award**"). Our Company has challenged the Award through a petition under Section 34 of the Arbitration Act before the Shillong District Court. The matter is currently pending.

9. Our Company initiated arbitration proceedings against North-Eastern Electric Power Corporation Limited ("**NEEPCO**") claiming an amount of ₹230 crore. Our Company has entered into a contract with NEEPCO for construction of 2 X 55 MW Pare Hydro Electric Project, District Papumpare, Arunachal Pradesh, India ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, for claim of costs for the period August 31, 2012 to April 10, 2015 incurred for execution of varied works and additional costs incurred due to delay in the completion of the Project. The arbitrator passed an award dated May 4, 2018 against our Company rejecting our claims ("**Award**"). Our Company has challenged the Award under Section 34(4) of the Arbitration Act before the Shillong District Court. The matter is currently pending.

10. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**"). Our Company had entered into a contract with HPPCL in relation to the set up and establishment of the hydroelectric project on the Sainj River in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, costs incurred towards execution of varied works and additional costs incurred due to delay in the completion of the Project. The arbitral tribunal passed an award dated June 27, 2019 ("**Award**"), awarding a sum of ₹72.54 crore (including pre-Award interest) along with post-Award interest at the rate of 12% per annum, to our Company. HPPCL challenged the Award through a petition under Section 34 of the Arbitration Act before the High Court of Shimla ("**Court**"). The Court, pursuant to its order on November 25, 2021, passed a stay on operation of the Award until disposal of the arbitration proceedings, subject to HPPCL depositing the amount of the Award and furnishing of a bank guarantee by our Company for seeking withdrawal of the amount deposited by HPPCL. Our Company has collected 75% of the amount being ₹55.90 crore by furnishing a bank guarantee. The matter is currently pending.

11. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**"). Our Company had entered into a contract with HPPCL in relation to the setting up and establishing the hydroelectric project on Sainj River in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred and extension of time due to delay in the completion of the Project. The arbitral tribunal passed an award dated January 31, 2023 ("**Award**"), directing HPPCL to pay claims of ₹101.14 crore (including pre-Award interest) along with post-Award interest at the rate of 9% per annum, to our Company. HPPCL challenged the

Award through a petition under Sections 34 and 36 of the Arbitration Act before the High Court of Shimla. HPPCL has also filed an application on under Section 9 of the Arbitration Act read with Section 151 of the Civil Code for restraining our Company from withdrawing the bank guarantees involved in the present proceedings furnished by HPPCL at the time of award of the Project. The matter is currently pending.

12. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**") claiming a sum amounting to ₹571 crore. Our Company had entered into a contract with NHPC in relation to the execution of civil works for the Kishanganga hydroelectric project in Jammu and Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement on extension of time and consequent additional cost incurred for completion of the Project. The arbitral tribunal passed an award dated February 27, 2023 ("**Award**") rejecting the claims of our Company. Our Company has challenged the Award under Section 34 of the Arbitration Act before the Delhi High Court. The matter is currently pending.

13. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**") for claims amounting to ₹161.93 crore. Our Company had entered into a contract with the NHPC in relation to the execution of civil works for the Kishanganga hydroelectric project in Jammu and Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement of incentive payment time for early completion of the Project as per clause 6 of their contract. The arbitral tribunal passed an award dated April 7, 2023 ("**Award**") rejecting claims of our Company. Our Company challenged the Award under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**"). The High Court has granted a stay of the Award subject to deposit of the cost award along with interest amounting to ₹ 0.83 crore by our Company. Our Company has deposited the amount and the High Court has permitted NHPC to seek withdrawal of the amount deposited by our Company by furnishing of bank guarantee(s). The matter is currently pending.

14. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). Our Company had entered into a contract with the NHPC in relation to the execution of civil works for the Kishanganga hydroelectric project in Jammu and Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement of extension of time for completion of the Project and payment for additional costs incurred and losses suffered during the original contract period and payment of interest on amounts wrongfully withheld from our Company's invoices. The arbitral tribunal passed an award dated October 14, 2019 and a corrected order dated March 7, 2020 ("**Award**") awarding a sum of ₹163.55 crore along with future simple interest at the rate of 9% per annum. NHPC has challenged the Award under Section 34 and 36 of the Arbitration Act before the Delhi High Court ("**Court**"). The Court, pursuant to its order on September 25, 2020, granted a stay on the operation of the Award until disposal of the application, subject to NHPC depositing the entire Award amount with the Court. Our Company has collected ₹163.79 crore by furnishing immovable property towards security. The matter is currently pending.

15. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**"). Our Company had entered into a contract with HPPCL in relation to construction of civil works in all respects of Kashang HEP Project in Kinnaur District, Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement on extension of time and consequent additional cost incurred for completion of the Project. The arbitral tribunal passed an award dated March 30, 2018 ("**Award**"), awarding claims of ₹43.83 crore (including pre-Award interest) along with post-Award interest at the rate of 10% per annum, to our Company. HPPCL has challenged the Award under Section 34 of the Arbitration Act before the High Court of Shimla ("**Court**"). The Court passed an order dated July 30, 2018, for stay on operation of the Award, subject to HPPCL depositing the entire amount of the Award and furnishing of a bank guarantee by our Company for seeking withdrawal of the amount deposited by HPPCL. Our Company has collected 50% of the amount being ₹23 crore by furnishing a bank guarantee. The matter is currently pending.

16. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**"). Our Company had entered into a contract with HPPCL in relation to construction of civil works in all respects of Kashang HEP Project in Kinnaur District, Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* our Company's entitlement on extension of time and consequent additional cost incurred for completion of the Project. The arbitral tribunal passed an award dated June 6, 2023 ("**Award**") in favor of our Company, directing HPPCL to pay claims of up to ₹122.54 crore (including pre-Award interest) along with post-Award interest at the rate of 13% per annum, to our Company. HPPCL has challenged the Award under Section 34 of the Arbitration Act before the High Court of Shimla. The matter is currently pending.

17. Our Company initiated arbitration proceedings against Indian Strategic Petroleum Reserves Limited ("**ISPRL**"). Our Company had entered into a contract with ISPRL in relation to construction of underground rock caverns for storage of crude oil at Vishakapatnam ("**Project"**). The dispute between the parties had arisen in relation to, *inter alia* our Company's entitlement of additional payments for the additional work done by our Company and for the costs incurred by our Company due to delay in execution of contract which were not paid by ISPRL. The arbitral tribunal passed an award dated April 26, 2022 ("**Award**") partially in favour of our Company, awarding claims amounting to ₹18.72 crore (including pre-Award interest) along with post-Award interest at the rate of 9% per annum, to our Company. Our Company has challenged the Award under Section 34 of the Arbitration Act before the High Court of Shimla. The

matter is currently pending.

18. Our Company initiated arbitration proceedings against Indian Strategic Petroleum Reserves Limited ("**ISPRL**"). Our Company had entered into a contract with ISPRL in relation to the construction of taverns at Padur, Karnataka ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* additional costs incurred due to the delay in the completion of the Project and non-payment for extra work done by our Company. The arbitral tribunal passed an award dated June 26, 2021 ("**Award**"), directing ISPRL to pay an amount equivalent to ₹35.99 crore along with pre-Award and post-Award interest at the rate of 9% per annum, towards claims made by our Company. ISPRL filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company also filed an application under Section 34 of the Arbitration Act before the High Court, challenging the Award to the extent that it disallowed some of the claims of our Company and accordingly, prayed for the Award to be set aside to that extent. The High Court, as per its order dated August 2, 2024, allowed the application under section 34 filed by ISPRL and also set aside Award. Pursuant to this order, our Company issued the notice invoking the arbitration on September 13, 2024 for a fresh adjudication of the disputes between the parties. ISPRL on October 12, 2024 rejected the notice invoking arbitration proceedings and the parties failed to appoint a sole arbitrator. Thereafter on November 14, 2024 our Company filed a petition seeking appointment of sole arbitrator from the High Court against which the Court has issued notice on November 25, 2024. The matter is currently pending.

19. Our company-initiated arbitration proceedings against Public Works Department, Delhi ("**PWD**"). Our Company had entered into a contract with PWD in relation to the construction of (i) the construction of a flyover on the portal structure linking existing Munirka Flyover in the east to the point beyond Army RR Hospital in the west on the Outer Ring Road in New Delhi, and (ii) an underpass at the junction of BF Marg and Inner Road, New Delhi ("**Project**"). The dispute between the parties had arisen in relation to *inter alia,* our Company's entitlement on extension of time and consequent compensation for additional cost incurred for completion of the Project. The PWD filed certain counter-claims against our Company, alleging *inter alia* losses suffered by them. The arbitral tribunal passed an award dated December 10, 2021 and a rectified award dated January 18, 2022 ("**Award**"), directing PWD to pay an amount equivalent to ₹56.96 crore interest along with pre-Award and post-Award interest at the rate of 12% per annum and rejected the counter claims filed by PWD against our Company. PWD has challenged the Award under Section 34 of the Arbitration Act before the Delhi High Court. On April 26, 2024 Delhi High Court remanded the matter back to arbitration. The matter is pending in arbitration.

20. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). NHAI had awarded our Company a contract for widening to 4/6 lanes and strengthening of existing 2 lane carriage way of NH-6 in the State of West Bengal from Kolaghat to Kharagpur ("**Project**"). The dispute between the parties had arisen *inter alia* with respect to additional costs incurred by our Company due to delays in completion of the Project and other compensation payable under various sub-heads such as additional construction and escalation attributable to NHAI. The arbitral tribunal passed an award dated September 29, 2008 ("**Award**") directing NHAI to pay an amount equivalent to ₹68.99 crore along with pre-Award at the rate of 10% compounded monthly and future interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the District Court at Medinipur, West Bengal challenging the Award, which was dismissed pursuant to an order dated August 16, 2010 ("**Order I**"). Subsequently, NHAI filed an appeal under Section 37 of the Arbitration Act before the Division Bench of the High Court at Calcutta ("**High Court**") against Order I, which was dismissed pursuant to an order dated September 22, 2011 ("**Order II**"), which also partly rejected additional costs awarded to our Company on few grounds and modified the compound interest payable to simple interest at the rate of 15% per annum. Pursuant to Order II, both NHAI and our Company filed special leave petitions before the Supreme Court of India under Article 136 of the Constitution of India against Order II which have now been converted into civil appeals. Our Company has filed an execution petition before the High Court to enforce the Award. The execution petition has gone out of circulation with liberty to mention, pursuant to an order dated July11, 2013. Our Company has collected ₹48.95 crore by furnishing bank guarantees. The matter is currently pending.

21. Our Company initiated arbitration proceedings against the National Thermal Power Corporation, LPHPP Cell ("**NTPC**"). NTPC had awarded our Company a contract by way of bidding for construction of barrage and desilting chamber in the state of Uttarakhand ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred due to idling of resources during suspension of work beyond the control of our Company, claims arising out of the act of foreclosure by NTPC and payments towards expenses incurred on account of bank guarantees extended by our Company to NTPC. The arbitral tribunal passed an award dated September 29, 2013 ("**Award**") directing NTPC to pay an amount equivalent to ₹37.21 crore along with pre-Award at the rate of 12% per annum and future interest at the rate of 18% per annum. Our Company has filed an execution petition dated April 26, 2014 before the High Court to enforce the Award. Separately, NTPC filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and order dated January 25, 2014 which was dismissed by the High Court pursuant to an order dated January 25, 2017 ("**Order**"). Subsequently, NTPC filed an appeal under Section 37 of the Arbitration Act before the Division Bench of the High Court against the Order. Our Company has collected ₹81.70 crore by furnishing bank guarantees. The matter is currently pending.

22. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company

had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia,* rate revision and additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated November 30, 2015 ("**Award**") directing NHAI to pay an amount equivalent to ₹95.93 crore along with pre-Award interest at the rate of 12% per annum compounded monthly and future interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award, which pursuant to an order dated November 28, 2016 set aside sub-claims of our Company amounting to ₹20.51 crore while upholding the remainder portion of the arbitral award ("**Order**"). Subsequently, cross appeals were filed by NHAI and our Company under Section 37 of the Arbitration Act before the Division Bench of the High Court against the Order. Our Company has filed an execution petition before the High Court to enforce the Award. Our Company has collected ₹166.30 crore by furnishing bank guarantees. The cross appeals filed by NHAI and our Company under Section 37 of the Arbitration Act and the execution petition are currently pending.

23. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the construction of Chennai Bypass Phase II and widening of Chennai Bypass Phase I ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, determination of rates for the bituminous concrete to be used for the purposes of the construction and additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated June 5, 2013 ("**Award**") directing NHAI to pay an amount equivalent to ₹145.84 crore along with pre-Award interest at the rate of 10% per annum and future interest at the rate of 15% in respect of dispute pertaining to additional costs for extended period. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award, which was dismissed by the High Court pursuant to an order dated January 16, 2022, while rejecting the claim of our Company, aggregating to ₹28.96 crore ("**Order**"). Subsequently, cross appeals were filed by NHAI and our Company under Section 37 of the Arbitration Act before the Division Bench of the High Court against the Order, with NHAI in its appeal praying for the Order to be set aside to the extent that it partially upheld the claim in favour of our Company; and our Company in its appeal praying for setting aside of the Order to the extent that it erroneously interfered with the arbitral award dated June 5, 2013. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹347.39 crore by furnishing bank guarantees. The matter is currently pending.

24. Our Company initiated arbitration proceedings against the Joint Development Commissioner Works, State of Jammu & Kashmir ("**State of Jammu & Kashmir**"). Our Company had entered into a contract with the State of Jammu & Kashmir in relation to the construction of Mughal Road in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred due to the delay in the completion of the Project and obtaining the certification attributable to the State of Jammu & Kashmir. The arbitral tribunal passed an award dated December 28, 2014 ("**Award**") directing the State of Jammu & Kashmir to pay an amount equivalent to ₹78.93 crore along with pre-Award interest at the rate of 12% per annum and future interest at the rate of 15% per annum. The State of Jammu & Kashmir filed an application under Section 34 of the Jammu & Kashmir Arbitration and Conciliation Act, 1997 before the Additional District Judge of Jammu & Kashmir challenging the Award, who pursuant to an order dated December 18, 2019 partly upheld the award in favour of our Company and modified the claim to ₹41.16 crore payable by the State of Jammu & Kashmir to our Company ("**Order**"). Subsequently, cross appeals were filed by the State of Jammu & Kashmir and our Company under Section 37 of the Jammu & Kashmir Arbitration and Conciliation Act, 1997 before the Division Bench of the High Court of Jammu & Kashmir at Srinagar, against the Order; with the State of Jammu & Kashmir in its appeal praying for setting aside of the Order to the extent that it partially upheld the claim in favour of our Company, and our Company in its appeal praying for setting aside of the Order to the extent that it erroneously interfered with the Award. The High Court in its order dated July 4, 2024 remanded the matter, to decide the matter afresh. The matter is currently pending.

25. Our Company initiated arbitration proceedings against the National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion tunnel of URI-II HE Project Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated September 18, 2015 ("**Award**") directing NHPC to pay an amount equivalent to ₹51.32 crore along with applicable interest. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that it rejected the claim of our Company amounting to ₹20.72 crore on one ground. NHPC also filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to orders of the Supreme Court of India dated July 21, 2017 and April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹84.56 crore by furnishing bank guarantees. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

26. Our Company initiated arbitration proceedings against IRCON International Limited ("**IRCON**"). IRCON had awarded our Company a contract by way of bidding for construction of the Pir Panjal VA and VB tunnel in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred by our Company in completion of the Project and payments on account of revision in rates attributable to IRCON. The

arbitral tribunal passed an award dated March 31, 2018 ("**Award**") directing IRCON to pay an amount equivalent to ₹28.77 crore along with pre-Award interest at the rate of 9.75% per annum and future interest at the rate of 12% per annum in the first part (Zone VA Project) and ₹51.65 crore along with pre-Award interest at the rate of 9.75% per annum and future interest at the rate of 12% per annum in the second part (Zone VB Project). IRCON filed two applications under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging both parts (Zone VA and VB Projects) of the Award. Our Company filed an execution petition before the High Court to enforce both parts (Zone VA and VB Projects) of the Award and has collected ₹41 crore against Zone VA and ₹22.84 crore against Zone VB by furnishing bank guarantees. The applications filed by IRCON under Section 34 of the Arbitration Act and the execution petition are currently pending.

27. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision and additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated March 31, 2017 ("**Award**") directing NHAI to pay an amount equivalent to ₹12.21 crore along with pre-Award monthly compound interest at the rate of 12% per annum and post-Award simple interest at the rate of 12% per annum and ₹85.33 crore along with pre-Award and post-Award simple interest at the rate of 12% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award. Our Company has filed an execution petition before the High Court to enforce the Award which has been dismissed pursuant to an order dated August 13, 2019. Our Company has collected ₹162.21 crore by furnishing bank guarantees. The application filed by NHAI under Section 34 of the Arbitration Act is currently pending.

28. Our Company initiated arbitration proceedings against the National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision and additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated October 14, 2016 ("**Award**") directing NHAI to pay an amount equivalent to ₹60.24 crore along with pre-Award and post-Award compound interest at the rate of 12% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**"), seeking to partially set aside the Award. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹109.62 crore by furnishing bank guarantees. The application filed by NHAI under Section 34 of the Arbitration Act and the execution petition are currently pending.

29. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision, price escalation formulae, and additional costs incurred due to loss of productivity and non-payment for work done. The arbitral tribunal passed an award dated July 21, 2017 ("**Award**") directing NHAI to pay an amount equivalent to ₹34.61 crore along with pre-Award compound interest at the rate of 12% per annum and post-Award simple interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹25 crore by furnishing a bank guarantee. The application filed by NHAI under Section 34 of the Arbitration Act and the execution petition are currently pending.

30. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred due to the delay in the completion of the Project attributable to NHAI. The arbitral tribunal passed an award dated March 20, 2015 ("**Award**") directing NHAI to pay an amount equivalent to ₹135.16 crore along with pre-Award compound interest at the rate of 12% per annum and post-Award simple interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹307.22 crore by furnishing bank guarantees. The application filed by NHAI under Section 34 of the Arbitration Act and the execution petition are currently pending.

31. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to relation to, *inter alia*, rate revision, price escalation formulae, and additional costs incurred due to loss of productivity and non-payment for work done. The arbitral tribunal passed an award dated March 18, 2016 ("**Award**") directing NHAI to pay an amount equivalent to ₹53.06 crore along with pre-Award compound interest at the rate of 12% per annum and post-Award simple interest at the rate of 15% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹126.46 crore by furnishing bank guarantees. The application filed by NHAI under Section 34 of the Arbitration Act and the execution petition are currently pending.

32. Our Company initiated arbitration proceedings against National Thermal Power Corporation, LPHPP Cell ("**NTPC**"). NTPC had awarded our Company a contract by way of bidding for construction of barrage and desilting chamber in the state of Uttarakhand ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs due to river diversion, non-supply of power by NTPC and disruption and delays, attributable to NTPC. The arbitral tribunal passed an award dated September 10, 2012 ("**Award**") directing NTPC to pay an amount equivalent to ₹65.74 crore (including pre-Award interest) along with future interest at the rate of 18% per annum. NTPC filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award. The application filed by NTPC under Section 34 of the Arbitration Act and the execution petition are currently pending.

33. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion arrangement in connection with the Teesta Low Dam Project Stage-IV in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, the additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated January 17, 2014 ("**Award**") directing NHPC to pay an amount equivalent to ₹243.16 crore (including pre-Award interest and arbitration costs) along with future interest at the rate of 18% per annum. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that the claim of our Company on one ground towards work contract tax and labour cess, amounting to ₹7.48 crore, was left unadjusted in the Award and that the same be paid by NHPC to our Company. NHPC also filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to an order of the Supreme Court of India dated July 21, 2017. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹278.81 crore by furnishing bank guarantees. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

34. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion arrangement in connection with the Teesta low Dam Project Stage-IV in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated February 27, 2018 and corrected pursuant to an order dated May 12, 2018 ("**Award**") directing NHPC to pay an amount equivalent to ₹54.35 crore (including pre-Award interest) along with future interest at the rate of 9.45% per annum. NTPC filed an application under Section 34 of the Arbitration Act before the Special Commercial Court, Gurugram challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award. The application filed by NHPC under Section 34 of the Arbitration Act and the execution petition are currently pending.

35. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package of Chamera Hydroelectric Project Stage III in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision, additional costs incurred due to delay in the completion of the Project and other reimbursements attributable to NHPC. The arbitral tribunal passed an award dated June 2, 2014 ("**Award**") directing NHPC to pay an amount equivalent to ₹107.40 crore along with (including pre-Award interest) at the state bank advance rate. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that it rejected our claims amounting to ₹30.19 crore. NHPC also filed an application under Section 34 of the Arbitration Act before the High Court, challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹125.75 crore by furnishing bank guarantees. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

36. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package of Chamera Hydroelectric Project Stage III in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated October 3, 2016 ("**Award**") directing NHPC to pay an amount equivalent to ₹25.63 crore along with pre-Award interest at the rate of 14.5% per annum and post-Award interest at the rate of 18% per annum. NHPC filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹40.37 crore by furnishing bank guarantees. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

37. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package of Chamera Hydroelectric Project Stage III in Himachal Pradesh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated April 9, 2018 ("**Award**") directing NHPC to pay an amount equivalent to ₹26.05 crore along with pre-Award interest at the rate of 6% per annum and post-Award interest at the rate of 18% per annum. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for a fresh tribunal to be constituted to adjudicate the claims which were rejected by the previously tribunal. NHPC also filed an application under Section 34 of the Arbitration Act before the Special Commercial Court, Gurugram, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to an order of the Supreme Court of India dated March 4, 2020. Our Company has filed an execution petition before the High Court to enforce the Award. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

38. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package of Chutak HE Project in Kargil ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred due to delay in the completion of the Project and other payments attributable to NHPC. The arbitral tribunal passed an award dated December 31, 2014 ("**Award**") directing NHPC to pay an amount equivalent to ₹98.81 crore along with pre-Award interest at the rate of 14% per annum and post-Award interest at the rate of 18% per annum. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that one of our claims amounting to ₹23.12 crore was reduced to ₹17.52 crore without reason. NHPC too filed an application under Section 34 of the Arbitration Act before the Special Commercial Court, Gurugram, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to an order of the Supreme Court of India dated July 21, 2017. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹125.12 crore by furnishing bank guarantees. The applications under Section 34 of the Arbitration Act are reserved for judgement pursuant to an order of the High Court dated August 14, 2018. The High Court passed an order dated December 20, 2023 upholding our claim no. 1, 2, 3, 4 and 6 and dismissing our claim no.5. ("**Order**") Our Company and NHPC has filed an appeal under Section 37 of the Arbitration Act against the Order before the High Court. The execution petition and the appeal are currently pending.

39. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package lot – URI II HE Project in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision, and other reimbursements, payable by NHPC to our Company. The arbitral tribunal passed an award dated May 6, 2016 as corrected by order dated August 29, 2016 ("**Award**") directing NHPC to pay an amount equivalent to ₹55.83 crore along with pre-Award and post-Award interest at the rate of 10% per annum. NHPC filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹66.66 crore by furnishing bank guarantees. The execution petition and application under Section 34 of the Arbitration Act are currently pending.

40. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package lot – II HE Project in Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, rate revision, additional costs incurred due to delay in the completion of the Project and other reimbursements, attributable to NHPC. The arbitral tribunal passed an award dated March 15, 2017 ("**Award**") directing NHPC to pay an amount equivalent to ₹59.83 crore (including pre-Award interest) along with future interest at the rate of 18% per annum. NHPC filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad, Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹56.24 crore by furnishing bank guarantees. The execution petition and application under Section 34 of the Arbitration Act are currently pending.

41. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for execution of civil works package for Nimoo Bazgo HEP Lot-I in Ladakh ("**Project**"). The dispute between the parties had arisen in relation to, *inter alia*, additional costs incurred due to delay in the completion of the Project and other reimbursements. The arbitral tribunal passed an award dated January 10, 2017 as corrected by order dated March 2, 2017 ("**Award**") directing NHPC to pay an amount equivalent to ₹116.59 crore (including pre-Award interest) and future interest at the rate of 18% per annum. NHPC filed an application under Section 34 of the Arbitration Act before the Court of the District Judge at Faridabad,

Haryana, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the High Court pursuant to an order of the Supreme Court of India dated April 17, 2018. Our Company has filed an execution petition before the High Court to enforce the Award and has collected ₹111.29 crore by furnishing bank guarantees. The matter is currently pending.

42. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to relation to, *inter alia*, rate revision, price escalation formulae, additional costs incurred due to loss of productivity and non-payment for work done, aggregating to a claim of ₹57.09 crore, payable by NHAI to our Company and a counter-claim by NHAI of ₹2.64 crore, payable by our Company to NHAI. The arbitral tribunal passed an award dated June 14, 2018 ("**Award**") directing NHAI to pay an amount equivalent to ₹3.74 crore along with 12% per annum compound interest while rejecting the claims of our Company amounting to ₹53.26 crore and also directing our Company to pay ₹1.95 crore to NHAI in respect of the counter-claim raised by NHAI. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that it rejected the claims of our Company amounting to ₹53.26 crore and praying for the Award to be set aside to that extent. The matter is currently pending.

43. Our Company initiated arbitration proceedings against National Hydroelectric Project Corporation ("**NHPC**"). NHPC had awarded our Company a contract by way of bidding for construction of a diversion arrangement in connection with the Teesta low Dam Project Stage-IV in West Bengal ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, additional costs incurred due to delay in the completion of the Project attributable to NHPC. The arbitral tribunal passed an award dated September 18, 2018 as corrected by award dated November 14, 2018 ("**Award**") directing NHPC to pay an amount equivalent to ₹66.31 crore along with pre-Award interest at the rate of 14.05% per annum and future interest at the rate of 15% per annum while allowing NHPC to deduct ₹3.39 crore along with pre-Award interest at the rate of 14.05% per annum and future interest at the rate of 15% per annum from the final claim amount towards the counter-claim raised by NHPC. NHPC filed an application under Section 34 of the Arbitration Act before the Special Commercial Court, Gurugram, challenging the Award and praying for the Award to be set aside. The application filed by NHPC under Section 34 of the Arbitration Act has been transferred to the Delhi High Court ("**High Court**") pursuant to an order of the Supreme Court of India dated March 4, 2020. Our Company has filed an execution petition before the High Court to enforce the Award. The execution petition and applications under Section 34 of the Arbitration Act are currently pending.

44. Our Company initiated arbitration proceedings against National Highway Authority of India ("**NHAI**"). Our Company had entered into a contract with NHAI in relation to the four laning of National Highway 28 in Uttar Pradesh ("**Project**"). The dispute between the parties had arisen in relation to relation to, *inter alia,* rate revision, price escalation formulae, additional costs incurred due to loss of productivity and non-payment for work done. The arbitral tribunal passed an award dated January 23, 2019 as corrected by award dated March 18, 2019 ("**Award**") directing NHAI to pay an amount equivalent to ₹69.24 (including pre-Award interest) along with future interest at the rate of 18% per annum. Our Company filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award to the extent that it rejected the claims of our Company amounting to ₹31.37 crore and praying for the Award to be set aside to that extent. NHAI too filed an application under Section 34 of the Arbitration Act before the High Court challenging the Award and praying for the Award to be set aside. Our Company has collected ₹7.53 crore by furnishing a bank guarantee. The matter is currently pending.

45. Our Company initiated arbitration proceedings against IRCON International Limited ("**IRCON**"). IRCON had awarded our Company a contract by way of bidding for the construction of a tunnel T48 on Dharam- Quazigund section ("**Project**"). The dispute between the parties had arisen in relation to relation to, *inter alia,* refund of amounts advanced and loss of profits on account of termination of the contract, attributable to IRCON. The arbitral tribunal passed an award dated March 31, 2021 ("**Award**") directing IRCON to pay an amount equivalent to ₹198.88 crore along with future interest at the rate of 15.75% per annum. IRCON filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. Our Company has filed an execution petition before the High Court to enforce the Award. The execution petition and application under Section 34 of the Arbitration Act are currently pending.

46. Our Company initiated arbitration proceedings against the Joint Development Commissioner Works, State of Jammu & Kashmir ("**State of Jammu & Kashmir**"). Our Company had entered into a contract with the State of Jammu & Kashmir in relation to the construction of Mughal Road in the Jammu & Kashmir ("**Project**"). The dispute between the parties had arisen in relation to *inter alia*, non-payment of price adjustments and escalation attributable to the State of Jammu & Kashmir. The arbitral tribunal passed an award dated March 28, 2019 ("**Award**") directing the State of Jammu & Kashmir to pay an amount equivalent to ₹32.79 crore (including pre-Award interest) and future interest at the rate of 15% per annum. The State of Jammu & Kashmir filed an application under Section 34 of the Jammu & Kashmir Arbitration and Conciliation Act, 1997 before the Additional District Judge of Jammu & Kashmir challenging the Award and praying for the Award to be set aside. The matter is currently pending.

47. Our Company initiated arbitration proceedings against Himachal Pradesh Power Corporation Limited ("**HPPCL**") on December 2, 2022 HPPCL had awarded a contract for construction of 5.00mm dia D-shaped head race tunnel (HRT)

from RD 0.00M to RD 11145m complete in all respects for Swarakudu Hydroelectric Project (111 KW) located in district Shimla of Himachal Pradesh and construction of balance work of HRT i.e. underground excavation of 1643m, concrete lining of overt 9057m, concrete lining of invert 10691m, support system in already excavated reach (wherever required), steel liner in 530m tunnel length, 1(one) no Inspection gate, etc. in the district of Shimla, Himachal Pradesh (the "**Project**"). The dispute between the parties had arisen in relation to non-payment of price adjustments and escalation attributable to the HPPCL. The arbitral tribunal passed an award dated March 19, 2024 ("**Award**") directing HPPCL to pay amount equivalent to ₹72,00,05,794/- along with future interest at the rate of 11% per annum. Thereafter the Company filed a correction application under Section 33 of the Arbitration and Conciliation Act 1996. On May 15, 2024 the arbitral tribunal passed the correction order, thereafter HPPCL has filed an application under Section 34 of the Arbitration and Conciliation Act 1996 against the Award before the Himachal Pradesh High Court at Shimla challenging the Award and praying for the Award to be set aside. The application under Section 34 is currently pending.

Material Tax Proceedings

Nil

Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company

1. Our Company filed two writ petitions before the High Court of Gujarat against the State of Gujarat and Sardar Sarovar Narmada Nigam Limited (collectively, the "**Respondents**") challenging a termination and show cause notice for blacklisting issued by the Respondents. Our Company had entered into a contract with Sardar Sarovar Narmada Nigam Limited in relation to the project of Limbadi Branch Canal. The aforementioned show cause notice was issued for *inter alia*, blacklisting our Company as a contractor and cancelling "AA" class registration of our Company pursuant to an application made by Sardar Sarovar Narmada Nigam Limited. The High Court of Gujarat has passed an order to grant a stay on the show cause notice. The matter is currently pending.

2. Our Company has filed a suit before the Small Causes Court, Mumbai ("**Court**") against the legal heirs and representatives of Hari Fakira, Anjanabai Hanumantrao Sonawane, Prabhakar Hanumantrao Sonawane and others ("**Defendants**") in respect of the property of the Company situated at Village Hariyali, Vikhroli (East). The High Court of Bombay passed a consent order on October 25, 1969, as an interim measure, whereby Hari Fakira was recognized as a lessee in respect of the said property ("**Consent Order**"). Our Company has alleged breach of the terms of the Consent Order due to sub-letting and illegal construction by the Defendants on the property. Our Company has sought, *inter alia,* an order for eviction of the Defendants and for the possession of the property before the Court. The court on December 1, 2021 passed an ex-parte decree for eviction of the Defendants and for the possession of the property to our Company and setting up an inquiry of mesne profits under the relevant provisions of Civil Code ("**Decree**"). The Defendants filed an application under Order 9, Rule 13 of the Civil Code to set aside the Decree passed in this title suit ("**Application**"). The Court on March 4, 2023 allowed the Application and restored the suit. The matter is currently pending.

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

Material Civil Proceedings

Nil

Material Tax Proceedings

Nil

Proceedings before regulatory authorities involving material violations of statutory regulations

Nil

Matters involving economic offences where proceedings have been initiated against our Company

Nil

Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company

Nil

Litigation by our Subsidiaries

Material Civil Proceedings

Raiganj-Dalkhola Highways Limited

1. Raiganj-Dalkhola Highways Limited ("**RDHL**") initiated arbitration proceedings against NHAI. RDHL had entered into a contract with NHAI in relation to the four laning of National Highway 28 in the Raiganj-Dalkhola section in West Bengal (the "**Project**"). The dispute between the parties had arisen in relation to *inter* alia outstanding payments payable by NHAI to RDHL. The arbitral tribunal passed an award dated October 7, 2021 ("**Award**") directing NHAI to pay an amount equivalent to ₹367.81 crore along with pre-Award future interest at the rate of 12% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. The NCLT through its order dated November 14, 2024 has allowed the merger between RDHL and HCC Infrastructure Company Ltd (**"HICL"**) after the effective date of the merger HICL will be filing the amendment application. The matter is currently pending.

2. Raiganj-Dalkhola Highways Limited ("**RDHL**") initiated arbitration proceedings against NHAI. RDHL had entered into a contract with NHAI in relation to the four laning of National Highway 28 in the Raiganj-Dalkhola section in West Bengal (the "**Project**"). The dispute between the parties had arisen in relation to *inter alia* compensation for material breaches and defaults, payable by NHAI to RDHL. The arbitral tribunal passed an award dated February 14, 2022 ("**Award**") directing NHAI to pay an amount equivalent to ₹187.50 crore along with pre-Award and future interest at the rate of 11% per annum. NHAI filed an application under Section 34 of the Arbitration Act before the Delhi High Court ("**High Court**") challenging the Award and praying for the Award to be set aside. The NCLT through its order dated November 14, 2024 has allowed the merger between RDHL and HCC Infrastructure Company Ltd (**"HICL"**) after the effective date of the merger HICL will be filing the amendment application The matter is currently pending.

Steiner AG

1. Steiner AG ('**SAG**") initiated proceedings against Baloise Leben AG ("**Contractor**") dated November 29, 2021 for claims of CHF 36 million before the Civil Court of Basel ("**Court**"). SAG had entered into a contract with the Contractor in relation to Project Baloise Park, the insurance company's new headquarters in the city of Basel ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* outstanding payments of the final account payable by the Contractor to SAG and confirmation of the Contractor's lien. The Contractor filed its reply on August 31, 2022 asserting an off-set claim of CHF 60 million against SAG. SAG filed its reply with the Court on February 29, 2024. The matter is currently pending.

2. Steiner AG ('**SAG**") initiated proceedings dated March 30, 2022 against The Canton of Basel-Landschaft ("**Contractor**") for claims of CHF 9.50 million before the District Court of Arlesheim ("**Court**"). SAG had entered into a contract with the Contractor in relation to Project Sekundarschule Laufen school building ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* outstanding payment of wages including change orders by the Contractor to SAG. The matter is currently pending.

3. Steiner AG ('**SAG**") initiated proceedings dated June 21, 2021 and November 8, 2022 against HFM Schweiz AG ("**Contractor**") for claims of CHF 8 million before the District Court of Kreuzlingen ("**Court**"). SAG had entered into a contract with the Contractor in relation to hospital Project HNZ Münsterlingen ("**Project**"). The dispute between the parties had arisen in relation to *inter alia* outstanding payments of the final account payable by the Contractor to SAG and registration of the Contractor's lien. The Contractor filed a counter-claim of CHF 8 million against SAG. The matter is currently pending.

Material Tax Proceedings

Nil

Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company

Nil

INDEPENDENT STATUTORY AUDITORS

Our Company's Statutory Auditors, Mukund M. Chitale & Co. Chartered Accountants are independent auditors with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by ICAI.

Our Previous Statutory Auditors have audited the Audited Consolidated Financial Statements, included in this Preliminary Placement Document. The peer review certificate of our Statutory Auditors is valid as on the date of this Preliminary Placement Document.

GENERAL INFORMATION

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

- Our Registered and Corporate Office is located at Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India.

- The CIN of the Company is L45200MH1926PLC001228.

- The LEI of the Company is 335800E9VW7RE9V86F38.

- The website of our Company is www.hccindia.com .

- The Equity Shares are listed on BSE and NSE.

- The Issue was authorised and approved by our Board pursuant to a resolution dated August 5, 2024 and by the Shareholders of our Company pursuant to a special resolution passed on September 17, 2024, 2024.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, each dated December 16, 2024.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 9:30 am to 5:30 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered and Corporate Office.

- Our Company has obtained all consents, approvals and authorisations required in connection with the Issue.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- There has been no material change in the financial position of our Company since March 31, 2024, the date of the Audited Consolidated Financial Statements prepared in accordance with applicable accounting standards included in this Preliminary Placement Document, except as disclosed herein.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the SEBI Listing Regulations, SCRA and SCRR.

- Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "***Legal Proceedings***" on page 261.

- The Floor Price is ₹ 45.27 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations as certified by S Ramanand Aiyar & Co., Chartered Accountants. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our Shareholders through special resolution passed on September 17, 2024, and Regulation 176(1) of the SEBI ICDR Regulations.

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

  Nitesh Kumar Jha

  Address: Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India

  Tel: +91 22 2575 1000

  E-mail: secretarial@hccindia.com

- Our Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including the websites of our Company and our Subsidiaries, would be doing it at his or her own risk.

FINANCIAL INFORMATION

MUKUND M. CHITALE & CO.

CHARTERED ACCOUNTANTS

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

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results of **Hindustan Construction Company Limited** and its joint operations ('the "Parent" or the "Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group"), and its joint venture and associates its share of the net profit after tax and total comprehensive income, for the quarter and half year ended September 30, 2024 (the "Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

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

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

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of Listing Regulations, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

Sr. No.	Name of the Company
	Reporting Entity
	Hindustan Construction Company Limited
	Subsidiaries
1	HCC Contract Solutions Limited
2	Panchkutir Developers Limited
3	HCC Mauritius Enterprises Limited

4	Highbar Technologies Limited (HBTL)
5	HCC Infrastructure Company Limited (HICL)
6	HCC Mauritius Investment Limited
7	HRL Township Developers Limited
8	Maan Township Developers Limited
9	HRL (Thane) Real Estate Limited
10	Steiner AG
11	HCC Aviation Limited (upto 31 March 2024)
12	Nashik Township Developers Limited (upto 31 March 2024)
13	Powai Real Estate Developer Limited (upto 31 March 2024)
14	Steiner Construction SA (upto 18 January 2024)
15	Western Securities Limited (upto 14 August 2024)
16	HREL Real Estate Limited (upto 31 March 2024)
	Step Down Subsidiary
17	Manufakt8048 AG (Step down subsidiary of Steiner AG)
18	Steiner Promotions et Participations SA (Step down subsidiary of Steiner AG)
19	Steiner Projekte AG (Step down subsidiary of Steiner AG)
20	Steiner India Limited (Step down subsidiary of Steiner AG)
21	Steiner (Deutschland) GmbH (Step down subsidiary of Steiner AG)
22	VM + ST AG (Step down subsidiary of Steiner AG)
23	Steiner Leman SAS (Step down subsidiary of Steiner AG) upto 17 May 2023
24	Narmada Bridge Tollways Limited (Step down subsidiary of HICL)
25	Badarpur Faridabad Tollways Limited (Step down subsidiary of HICL)
26	HCC Operation and Maintenance Limited (Step down subsidiary of HICL)
27	Raiganj - Dalkhola Highways Limited (Step down subsidiary of HICL)
	Associates
28	Highbar Technocrat Limited (Associate of HBTL)
29	Evostate AG (Associate of Steiner AG)
30	Hegias AG, Zurich (Associate of Steiner AG)
31	Evostate Immobillen AG (Associate of Steiner AG)
32	MCR Managing Corp. Real Estate (Associate of Steiner AG)
	Joint Venture
33	Prolific Resolution Private Limited (w.e.f. 30 September 2023)
	Joint Operations
34	Kumagai - Skanska - HCC - Itochu Group
35	HCC- L&T Purulia Joint Venture
36	Alpine- Samsung- HCC Joint Venture
37	Nathpa Jhakri Joint Venture
38	Alpine- HCC Joint Venture

39	HCC Samsung Joint Venture CC 34
40	HCC- VCCL Joint Venture
41	HCC- HDC Joint Venture
42	Werkarena Basel AG

5. As stated in Note 4 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹583.40 crore as at September 30, 2024, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of history of losses recorded by the Holding company, we are unable to obtain sufficient and appropriate audit evidence with respect to projection of the future taxable profit prepared by the management and therefore, are unable to comment upon the adjustments, if any, that are required to the carrying value of the aforesaid net deferred tax assets as at September 30, 2024.
   Review report of the erstwhile Statutory auditors of the Company on the unaudited consolidated financial results of the Company for the quarter ended June 30, 2024 dated August 5, 2024, for the quarter ended September 30, 2023 dated November 9, 2023 and Audit Report for year ended March 31, 2024 dated May 24 2024 were also qualified in respect of the above matter.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 8 and 9 below, except for the possible effects of the matter described in para 5 above , nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. We draw attention to:

   (i) Note 3 to the accompanying Statement, regarding uncertainty relating to recoverability of Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivable includes ₹ 309.33 crore, ₹ 221.56 crore and ₹ 57.52 crore, respectively, outstanding as at September 30, 2024 in the books of Holding Company, which represent receivables in respect of closed/ substantially closed projects. The Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation in respect of aforementioned receivables. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables. Our conclusion is not modified in respect of above matter.

   (ii) The matter described in Note 7 to the Statement and the following Emphasis of Matter paragraph included in the review report on the interim condensed consolidated financial statements of Steiner AG, a step-down subsidiary of the Holding Company, reviewed by an independent audit firm, vide their review report dated October 18,2024 which is reproduced by us as under:

MUKUND
M. CHITALE
& CO.

CHARTERED
ACCOUNTANTS

We draw attention to the explanatory comment to the interim condensed consolidated financial information describing the fact that Steiner AG has been granted a provisional debt-restructuring moratorium by the Zurich District Court with effect as of 6 June 2024, on 1 October 2024 an extension was granted until 7 February 2025. This is in line with the applications submitted by the Company in view of the current liquidity bottlenecks and as a measure to its debt-restructuring plan. Steiner maintains a bank facility with a syndicate with the objective to provide guarantees for its construction projects. As at 24 June 2024 Steiner received a note of acceleration, indemnification and set-off (consisting of an indemnity claim of CHF 16.5m and a security of CHF 8.5m). In addition, as of 21 May 2024, another guarantor demanded from Steiner AG irrevocable and unconditional indemnification of CHF 7.8m. Furthermore, Steiner is party to other guarantee contracts, which due to cross-default clauses are entitled to demand cash or equivalent security for the outstanding guarantees (CHF 18.9m). However, for the period of the debt moratorium there is no impact on liquidity of the Company resulting from such actual or potential demands, the final treatment of which will be addressed as part of the company's final debt-restructuring agreement. Due to these developments and the tightening liquidity situation, the company's ability to continue as a going concern depends on whether it can achieve the proposed debt-restructuring and liquidity measures and therefore there a material uncertainty exists that may cast significant doubt about the company's ability to continue as a going concern.

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

8. The Statement includes the interim financial information of fifteen (15) subsidiaries, whose financial information reflect total assets of ₹ 3,926.96 crore as at September 30, 2024, and total revenues of ₹ 223.30 crore and ₹ 801.64 crore, net (loss) after tax of ₹ 8.02 crore and ₹ 45.27 crore, total comprehensive net (loss) of ₹ 7.46 crore and ₹ 41.42 crore, for the quarter and six-month period ended September 30, 2024, respectively, and cash outflows net of ₹ 135.25 crore for the period ended September 30, 2024, as considered in the Statement.

   The Statement also includes the Group's share of net profit after tax of ₹20.05 crore and ₹ 32.79 crore and total comprehensive income of ₹ 20.05 crore and ₹ 32.79 crore, for the quarter and six-month period ended September 30, 2024, respectively, as considered in the Statement, in respect of four (4) associates and one (1) Joint venture, whose interim financial information have not been reviewed by us.

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

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

MUKUND M. CHITALE & CO.

CHARTERED ACCOUNTANTS

9. We did not review the interim financial information of 1 (one) joint operation included in the Statement, where such interim financial information reflects group's share of total assets of ₹ 133.30 crore as at September 30, 2024, and group's share of total revenues of ₹ 60.88 crore and ₹ 188.68 crore, Group's share of total net profit after tax of ₹ 1.58 crore and ₹ 4.33 crore, and total comprehensive income of ₹ 1.58 crore and ₹ 4.33 crore, for the quarter and six-month period ended September 30, 2024, respectively, and cash inflow of ₹ 0.16 Crore for the six-month period ended September 30, 2024, as considered in the Statement. Such interim financial information has been reviewed by another auditor, whose report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this joint operation, is based solely on the review report of such other auditor and procedure performed by us as stated in paragraph 3 above.

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

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

10. The Statement includes the interim financial information of five (5) subsidiaries and Eight (8) joint operation which have not been reviewed by their auditor, whose interim financial result reflect total assets of ₹ 169.16 crore as at September 30, 2024, and total revenues of ₹ 0.94 crore and 1.77 crore, net profit/(loss) after tax of ₹ (0.04) crore and ₹ 0.50 crore, total comprehensive profit/ (loss) of ₹ (0.04) crore and ₹ 0.50 crore, for the quarter and half year ended September 30, 2024, respectively, and net cash inflow of ₹ 26.50 crore for the period ended September 30, 2024, as considered in the Statement.

    The Statement also includes the Group's share of net profit after tax of ₹ 0.07 crore and ₹ 0.76 crore and total comprehensive income of ₹ 0.07 crore and ₹ 0.76 crore, for the quarter and six-month period ended September 30, 2024, respectively, as considered in the Statement, in respect of one (1) associate, whose interim financial information have not been reviewed by their auditor.

    According to the information and explanation given to us by the management these financial results are not material to the Group.

    Our conclusion is not modified in respect of this matter with respect to our reliance on the interim financial results certified by the respective Company's Management.

11. The year-to-date figures for the period April 1, 2024 to September 30, 2024 includes figures for quarter ended June 30, 2024 which were reviewed by the predecessor audit firm, where they have expressed modified conclusion vide report dated August 5, 2024.

The Statement includes comparative financial figures of the Company for the quarter and six months ended September 30, 2023 which have been reviewed by the predecessor audit firm, where they have expressed modified conclusion vide report dated November 9, 2023.

The Statement also includes figures of the Company for the year ended March 31, 2024, audited by the predecessor audit firm where they have expressed modified opinion on such financial statements/results vide their report dated May 24, 2024.

Our conclusion is not modified in respect of this matter

For Mukund M. Chitale & Co.
Chartered Accountants
(Firm's Registration No. 106655W)

S. M. Chitale
Partner
Membership No. 111383

UDIN: 24111383BKBGXZ5121

Place: Mumbai
Date: October 29, 2024

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED 30 SEPTEMBER 2024

₹ in crore, unless otherwise stated

Sr. No.	Particulars	Quarter ended			Six month ended		Year ended
		30-Sep-24	30-Jun-24	30-Sep-23	30-Sep-24	30-Sep-23	31-Mar-24
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Continuing operations						
1	**Income**						
	(a) Revenue from operations	1,406.91	1,815.95	1,832.59	3,222.86	3,759.11	7,006.71
	(b) Other income	25.50	19.70	38.20	45.20	54.91	132.66
	Total income (a+b)	**1,432.41**	**1,835.65**	**1,870.79**	**3,268.06**	**3,814.02**	**7,139.37**
2	**Expenses**						
	(a) Cost of materials consumed	114.12	183.05	193.01	297.17	415.93	862.05
	(b) Subcontracting expenses	758.35	1,218.93	1,089.90	1,977.28	2,195.95	4,261.65
	(c) Changes in inventories	31.35	0.36	0.04	31.71	(2.94)	10.16
	(d) Employee benefits expense	139.96	145.41	153.88	285.37	317.90	640.33
	(e) Finance costs	159.22	146.03	256.08	305.25	502.24	813.27
	(f) Depreciation and amortisation expense	26.35	25.77	27.76	52.12	56.76	105.10
	(g) Other expenses	120.74	115.71	141.97	236.45	282.28	561.32
	Total expenses (a+b+c+d+e+f+g)	**1,350.09**	**1,835.26**	**1,862.64**	**3,185.35**	**3,768.12**	**7,253.88**
3	**Profit/ (loss) before share in profit of associates and joint venture, exceptional items and tax (1-2)**	**82.32**	**0.39**	**8.15**	**82.71**	**45.90**	**(114.51)**
4	Share in profit of associates and joint venture (net)	20.12	13.43	4.08	33.55	7.94	41.39
5	**Profit/ (Loss) before exceptional items and tax (3+4)**	**102.44**	**13.82**	**12.23**	**116.26**	**53.84**	**(73.12)**
6	Exceptional items - Gain (Refer note 5)	-	-	1.53	-	1.53	850.75
7	**Profit before tax (5+6)**	**102.44**	**13.82**	**13.76**	**116.26**	**55.37**	**777.63**
8	**Tax expense/ (credit)**						
	(a) Current tax	16.16	8.86	6.03	25.02	3.23	89.64
	(b) Deferred tax	22.35	7.42	1.35	29.77	2.17	158.57
	Total tax expense (a+b)	**38.51**	**16.28**	**7.38**	**54.79**	**5.40**	**248.21**
9	**Profit/ (loss) for the period from continuing operations (7-8)**	**63.93**	**(2.46)**	**6.38**	**61.47**	**49.97**	**529.42**
10	**Discontinued Operations (Refer note 6)**						
	Profit/ (loss) before tax from discontinued operations	-	-	(8.54)	-	4.54	(51.26)
	Tax expense of discontinued operations	-	-	0.64	-	4.58	-
	(Loss) from discontinued operations (after tax)	**-**	**-**	**(9.18)**	**-**	**(0.04)**	**(51.26)**
11	**Other comprehensive income**						
	(a) Items that will not to be reclassified subsequently to statement of profit or loss						
	- Gain/ (loss) on remeasurement of defined benefit plans	(2.33)	0.49	0.50	(1.84)	0.96	52.90
	- Gain/ (loss) on fair value of equity instruments	(5.72)	13.61	6.66	7.89	12.98	19.46
	Income tax relating to items that will not be reclassified to profit or loss	1.53	(1.87)	-	(0.34)	-	(2.98)
	(b) Items that will be reclassified subsequently to statement of profit or loss						
	- Translation gain/ (loss) relating to foreign operations	22.04	5.89	(15.97)	27.93	(4.90)	(1.84)
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Other comprehensive income/ (loss) for the period/ year, net of tax (a+b)	**15.52**	**18.12**	**(8.81)**	**33.64**	**9.04**	**67.54**
12	**Total comprehensive income/ (loss) for the period/ year (9+10+11)**	**79.45**	**15.66**	**(11.61)**	**95.11**	**58.97**	**545.70**
	Profit/ (loss) for the period/ year attributable to:						
	- Owners of the parent	63.93	(2.46)	(2.80)	61.47	49.93	478.16
	- Non - controlling interest	0.00*	0.00*	(0.00)*	0.00*	(0.00)*	(0.00)*
	Other comprehensive income/ (loss) for the period/ year attributable to:						
	- Owners of the parent	15.52	18.12	(8.81)	33.64	9.04	67.54
	- Non - controlling interest	0.00*	0.00*	(0.00)*	0.00*	(0.00)*	(0.00)*
	Total comprehensive income/ (loss) for the period/ year attributable to:						
	- Owners of the parent	79.45	15.66	(11.61)	95.11	58.97	545.70
	- Non - controlling interest	0.00*	0.00*	(0.00)*	0.00*	(0.00)*	(0.00)*
13	Paid up equity share capital (Face value of ₹ 1 each) (Refer note 2)	167.99	167.97	151.31	167.99	151.31	151.31
14	Other equity (excluding revaluation reserves)						(319.79)
15	**Earnings/ (loss) per share (Face value of ₹ 1 each) (Refer note 2)**						
	(Not annualised for the interim periods)						
	(a) for continuing operations						
	- Basic EPS (in ₹)	0.38	(0.01)	0.04	0.37	0.32	3.35
	- Diluted EPS (in ₹)	0.38	(0.01)	0.04	0.37	0.32	3.34
	(b) for discontinued operations						
	- Basic EPS (in ₹)	-	-	(0.06)	-	-	(0.32)
	- Diluted EPS (in ₹)	-	-	(0.06)	-	-	(0.32)
	(c) for total operations						
	- Basic EPS (in ₹)	0.38	(0.01)	(0.02)	0.37	0.32	3.03
	- Diluted EPS (in ₹)	0.38	(0.01)	(0.02)	0.37	0.32	3.02
	* represents amount less than ₹ 1 lakh						
	See accompanying notes to the consolidated unaudited financial results						

HINDUSTAN CONSTRUCTION COMPANY LTD.

MUKUND M. CHITALE & CO. MUMBAI CHARTERED ACCOUNTANTS

Hindustan Construction Co Ltd

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CIN : L45200MH1926PLC001228

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UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

₹ in crore

Particulars	As at 30-Sep-24	As at 31-Mar-24
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	248.59	284.07
Right-of-use assets	83.37	93.62
Capital work-in-progress	0.67	0.84
Investment property	3.15	3.45
Goodwill	-	3.38
Other intangible assets	56.93	64.09
Investments in associates and joint ventures	235.14	206.82
Financial assets		
Other investments	46.49	38.56
Trade receivables	1,431.39	703.15
Loans	39.55	36.78
Other financial assets	12.63	10.05
Deferred tax assets (net)	593.24	623.43
Non-current tax assets (net)	63.57	43.48
Other non-current assets	116.88	118.82
Total non-current assets	**2,931.60**	**2,230.54**
Current assets		
Inventories	400.76	436.31
Financial assets		
Investments	15.48	0.15
Trade receivables	2,565.18	2,204.17
Cash and cash equivalents	272.90	398.73
Bank balances other than cash and cash equivalents	359.19	114.39
Other financial assets	77.98	59.76
Unbilled work-in-progress (contract assets)	3,121.42	3,414.29
Other current assets	262.97	201.04
Total current assets	**7,075.88**	**6,828.84**
TOTAL ASSETS	**10,007.48**	**9,059.38**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	167.99	151.31
Other equity	95.64	(319.79)
Equity attributable to owners of the parent	**263.63**	**(168.48)**
Non-controlling interest	-	0.00*
Total equity	**263.63**	**(168.48)**
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	1,478.90	1,671.52
Lease labilities	94.81	96.89
Other financial labilities	1,610.38	1,470.55
Provisions	91.42	95.35
Total non-current liabilities	**3,275.51**	**3,334.31**
Current liabilities		
Financial liabilities		
Borrowings	639.61	436.95
Lease liabilities	18.55	17.18
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	95.38	90.38
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,097.53	2,383.11
Other financial liabilities	1,081.86	1,016.48
Other current liabilities	1,267.91	1,651.17
Current tax liabilities	0.70	0.21
Provisions	266.80	298.07
Total current labilities	**6,468.34**	**5,893.55**
TOTAL EQUITY AND LIABILITIES	**10,007.48**	**9,059.38**

* represents amount less than ₹ 1 lakh

HINDUSTAN CONSTRUCTION COMPANY LTD. ★

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTH ENDED 30 SEPTEMBER 2024

₹ in crore

Particulars	Six month ended	
	30-Sep-24	30-Sep-23
	Unaudited	Unaudited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax including discontinued operations	116.26	59.91
Adjustments for :		
Depreciation and amortisation expense	52.12	56.76
Finance costs	305.25	502.24
Interest income	(23.53)	(13.30)
Fair valuation gain on subsequent measurement of financial assets	-	(275.80)
Gain on settlement of debt	-	(24.26)
Gain on deconsolidation of subsidiaries	(6.39)	(1.53)
Share of profit of associates and joint ventures	(33.55)	(7.94)
Dividend income	-	(0.05)
Unrealised exchange gain on foreign currency translation (net)	7.38	(2.17)
Profit on disposal of property, plant and equipment (net)	(2.24)	(3.69)
Share based payment expense	0.03	-
Loss allowance on financial assets	-	2.23
Provision no longer required written back	(1.30)	(31.76)
	297.77	**200.73**
Operating profit before working capital changes	**414.03**	**260.64**
Adjustments for changes in working capital:		
Decrease in inventories	35.55	26.52
(Increase)/ decrease in trade receivables	(1,089.25)	149.38
(Increase)/ decrease in other financial assets, other assets and unbilled work-in-progress	218.33	(767.53)
Decrease in trade payables, other financial liabilities, other liabilities and provisions	313.90	231.68
Cash (used in)/ generated from operations	**(107.43)**	**(99.31)**
Direct taxes paid (net)	(42.29)	(14.92)
Net cash (used in)/ generated from operating activities	**(149.72)**	**(114.23)**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5.92)	(3.94)
Proceeds from disposal of property, plant and equipment	8.88	8.42
Proceeds from sale of investments	(15.66)	0.51
Investments in associates	5.23	2.48
Net (investments)/ proceeds from maturity/ redemption of bank deposits	(244.82)	347.28
Interest received	6.56	9.29
Dividend received	6.39	0.05
Net cash (used in)/ generated from investing activities	**(239.34)**	**364.09**
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) of long-term borrowings	1.08	(28.58)
(Repayment) of short-term borrowings (net)	(8.42)	(12.84)
Proceeds from issuance of equity share capital	336.91	-
Repayment of lease labilities	(0.71)	(32.79)
Proceeds from issue of equity shares by subsidiary	-	15.25
Finance costs paid	(71.01)	(101.34)
Net cash (used in)/ generated from financing activities	**257.85**	**(160.30)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(131.21)**	**89.56**
Cash and cash equivalents at the beginning of the period	**398.73**	**581.91**
Impact of discontinued operation	-	(280.62)
Impact of deconsolidation of erstwhile subsidiaries	-	(25.05)
Unrealised foreign exchange gain (net)	5.38	0.32
Cash and cash equivalents at the end of the period	**272.90**	**366.12**

HINDUSTAN CONSTRUCTION COMPANY LTD.

MUKUND M. CHITALE & CO. MUMBAI CHARTERED ACCOUNTANTS

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CONSOLIDATED UNAUDITED SEGMENT REVENUE, RESULTS, ASSETS AND LIABILITIES

₹ in crore

Sr. No.	Particulars	Quarter ended			Six month ended		Year ended
		30-Sep-24	30-Jun-24	30-Sep-23	30-Sep-24	30-Sep-23	31-Mar-24
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Segment revenue**						
	Engineering and construction	1,217.52	1,707.56	1,655.18	2,925.08	3,395.02	6,256.01
	Real estate	189.54	203.61	278.81	393.15	508.90	938.69
	Infrastructure	8.30	26.92	0.73	35.22	1.99	94.86
	Others	0.62	0.66	0.57	1.28	1.04	6.50
	Unallocable Revenue	14.28	-	-	14.28	-	-
	Less: Inter segment revenue	(23.35)	(122.80)	(102.70)	(146.15)	(147.84)	(289.35)
	Revenue from continued operations	**1,406.91**	**1,815.95**	**1,832.59**	**3,222.86**	**3,759.11**	**7,006.71**
	Revenue from discontinued operations	-	-	540.65	-	1,178.96	1,780.16
	Revenue from total operations	**1,406.91**	**1,815.95**	**2,373.24**	**3,222.86**	**4,938.07**	**8,786.87**
2	**Segment results**						
	Engineering and construction	153.33	18.06	(80.22)	171.39	(13.18)	(135.26)
	Real estate	4.30	13.94	118.78	18.24	107.23	67.99
	Infrastructure	(7.65)	(7.58)	(12.86)	(15.23)	(18.48)	23.99
	Others	(10.24)	(10.60)	(13.47)	(20.84)	(21.73)	(29.84)
	Unallocable	(37.30)	-	-	(37.30)	-	-
	Profit/ (loss) before exceptional items, tax and discontinued operations	**102.44**	**13.82**	**12.23**	**116.26**	**53.84**	**(73.12)**
	Exceptional items - Gain						
	Engineering and construction	-	-	1.53	-	1.53	654.02
	Real estate	-	-	-	-	-	86.73
	Infrastructure	-	-	-	-	-	110.00
	Others	-	-	-	-	-	-
	Total	**-**	**-**	**1.53**	**-**	**1.53**	**850.75**
	Profit before tax and discontinued operations	**102.44**	**13.82**	**13.76**	**116.26**	**55.37**	**777.63**
	Profit/ (loss) before tax from discontinued operations	-	-	(8.54)	-	4.54	(51.26)
	Profit before tax from total operations	**102.44**	**13.82**	**5.22**	**116.26**	**59.91**	**726.37**

Sr. No.	Particulars	As at		
		30-Sep-24	31-Mar-24	30-Sep-23
		Unaudited	Audited	Unaudited
3	**Segment assets**			
	Engineering and construction	8,042.27	7,041.20	7,617.15
	Real estate	1,011.92	1,110.48	955.75
	Infrastructure	325.10	442.51	397.97
	Others	39.26	41.03	38.73
	Unallocable assets	588.93	424.16	632.80
	Assets from continued operations	10,007.48	9,059.38	9,642.40
	Assets from discontinued operations	-	-	691.14
	Total Assets from continuing & discontinuing operations	**10,007.48**	**9,059.38**	**10,333.54**
4	**Segment liabilities**			
	Engineering and construction	8,216.66	7,708.56	8,572.60
	Real estate	384.06	208.97	482.02
	Infrastructure	382.14	394.61	416.02
	Others	227.84	208.21	27.80
	Unallocable liabilities	533.15	707.51	500.28
	Liabilities from continued operations	9,743.85	9,227.86	9,998.72
	Liabilities from discontinued operations	-	-	990.23
	Total Liabilities from continuing & discontinuing operations	**9,743.85**	**9,227.86**	**10,988.95**

HINDUSTAN CONSTRUCTION COMPANY LTD.

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Notes:

1 The consolidated unaudited financial results ('results') of Hindustan Construction Company Limited and its joint operations (together referred to as the 'Holding Company' or 'HCC') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and associates and joint venture for the quarter and six month ended 30 September 2024 ('the Statement') have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, the recognition and measurement principles laid down in Indian Accounting Standard 34 - Interim Financial Reporting ('Ind AS 34') prescribed under Section 133 of the Companies Act, 2013 ('the Act') and other recognized accounting practices generally accepted in India. The aforesaid results are in compliance with regulation 33 and Regulation 52 read with Regulation 63 of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 as amended ('the Listing Regulations'). The material accounting policies applied in preparation of these results are consistent with those followed in the annual Consolidated financial statements for the year ended 31 March 2024. These results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Holding Company at its meeting held on 29th October 2024. These results have been subjected to limited review by statutory auditors.

2 During the quarter ended 30 June 2024, the Holding Company had issued and allotted 166,666,666 equity shares of ₹ 1 each at a price of ₹ 21 per equity share (including a premium of ₹ 20 per equity share) aggregating ₹ 350 crore to the eligible equity shareholders on rights basis in the ratio of 13 equity shares for every 118 equity shares held. Pursuant to the aforesaid, basic and diluted earnings per share for the year ended 31 March 2024 and quarter and six month ended 30 September 2023 have been retrospectively adjusted for effect of rights issue.

3 Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivable outstanding as on 30 September 2024, includes ₹ 309.33 crore, ₹ 221.56 crore and ₹ 57.52 crore, respectively (31 March 2024: includes ₹ 528.81 crore, ₹ 245.54 crore and ₹ 57.52 crore, respectively), representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work, for which Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the Holding Company is confident that these receivables are good and fully recoverable.

4 As at 30 September 2024, the Holding Company has recognised net deferred tax assets amounting to ₹ 583.40 crore (31 March 2024: ₹ 613.09 crore), which mainly represents deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident of generating sufficient taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards against which such deferred tax assets can be utilised and therefore considered good and recoverable. Statutory auditors review report is modified in respect of this matter.

5 Exceptional items represents :

₹ in crore

Particulars	Quarter ended			Six months ended		Year ended
	30-Sep-24	30-Jun-24	30-Sep-23	30-Sep-24	30-Sep-23	31-Mar-24
Gain on deconsolidation of Steiner Construction SA (Refer note 6)	-	-	-	-	-	564.56
Gain on deconsolidation of Prolific Resolution Private Limited (Refer note (a) below)	-	-	1.53	-	1.53	1.53
Others (Refer note (b) below)	-	-	-	-	-	284.66
Total	**-**	**-**	**1.53**	**-**	**1.53**	**850.75**

Notes:

(a) Gain on deconsolidation of Prolific Resolution Private Limited amounting to ₹ 1.53 crore as its become joint venture from subsidiary.

(b) Others represents gain on sale of land amounting to ₹ 87.93 crore, gain on deconsolidation of HREL Real Estate Limited, a subsidiary, amounting to ₹ 86.73 crore and gain on sale of Barampore Farakka Highways Limited, a step down subsidiary of the Holding Company, amounting to ₹ 110.00 crore.

6 During the previous year, Steiner AG ('SAG'), a step down subsidiary of the Holding Company, executed a Share Purchase Agreement (SPA) for 100% stake sale of Steiner Construction SA ('SCSA'), a wholly owned subsidiary of SAG. On 18 January 2024, SCSA ceased to be a subsidiary of the Group. Pursuant to the above sale the resultant gain on deconsolidation of ₹ 564.56 crore has been recognised during year ended 31 March 2024. Further, the requisite disclosures in accordance with Ind AS 105 are given below:

₹ in crore

Particulars	Quarter ended			Six months ended		For the period
	30-Sep-24	30-Jun-24	30-Sep-23	30-Sep-24	30-Sep-23	01 April 23 to 18 January 24
Revenue from operations	-	-	540.65		1,178.96	1,780.16
Other income	-	-	-		-	-
Total income	**-**	**-**	**540.65**	**-**	**1,178.96**	**1,780.16**
Total expenses	-	-	549.19		1,174.42	1,831.42
Profit/ (loss) before tax	**-**	**-**	**(8.54)**	**-**	**4.54**	**(51.26)**
Tax expense	-	-	0.64		4.58	-
Net (loss) from discontinued operations	**-**	**-**	**(9.18)**	**-**	**(0.04)**	**(51.26)**

7 SAG has been granted a provisional debt moratorium by the Zurich District Court with effect as of 6 June 2024. On 1 October 2024, an extension was granted until 7 February 2025. This is in line with the application submitted by the Company in view of liquidity bottlenecks and as a measure to its debt-restructuring plan. SAG maintains a syndicate bank facility to provide guarantees for its legacy construction projects. As at 24 June 2024, SAG received a note of acceleration, indemnification and set-off [consisting of an indemnity claim of CHF 16.5 million and a security of CHF 8.5 million]. In addition, as of 21 May 2024, another guarantor demanded from SAG irrevocable and unconditional indemnification of CHF 7.8 million. Furthermore, SAG is party to other guarantee contracts, which due to cross-default clauses are entitled to demand cash or equivalent security for the outstanding guarantees. However, for the period of the debt moratorium, there is no impact on the liquidity of SAG resulting from such actual or potential demands, the final treatment of which will be addressed as part of the SAG's final restructuring agreement. Due to these developments and the tightening liquidity situation, SAG's ability to continue as a going concern depends on whether it can achieve the proposed restructuring and liquidity measures and therefore a material uncertainty exists that may cast significant doubt about its ability to continue as a going concern. However, the management of SAG is confident about the restructuring plan so as to recover full value of Assets and liquidity measures in place and believes this will enable the SAG to successfully complete the transition from a general contractor to a real estate development company and is optimistic of successfully seeing through the current situation, in next quarters and beyond.

8 Figures for the previous period/ year have been regrouped/ reclassified to conform to the current period's presentation, wherever considered necessary. The impact of such regroupings/ reclassifications is not material to these consolidated financial results.

HINDUSTAN CONSTRUCTION COMPANY LTD.

MUKUND M. CHITALE & CO. MUMBAI CHARTERED ACCOUNTANTS

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9 Additional disclosures as per Clause 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Unit of Measurement	Quarter ended			Six month ended		Year ended
		30-Sep-24	30-Jun-24	30-Sep-23	30-Sep-24	30-Sep-23	31-Mar-24
Debt Equity ratio : Total Debt/ (Equity Share Capital + Other equity less capital reserve)	Times	9.46	15.08	(4.88)	9.46	(4.88)	(10.13)
Debt Service Coverage ratio : (Earnings before interest^, depreciation and amortisation, exceptional items and tax)/ (Interest^ on debt for the period/ year + Principal repayment of borrowings and lease liabilities within one year) - Annualised	Times	0.87	0.65	0.77	0.71	0.81	0.60
Interest Service Coverage ratio : [(Earnings before interest^, depreciation and amortisation, exceptional items and tax)/ Interest^ on debt for the period/ year] - Annualised	Times	2.07	1.40	1.19	1.77	1.27	1.05
Outstanding redeemable preference shares	₹ Crore	-	-	-	-	-	-
Debenture Redemption reserve	₹ Crore	54.99	54.99	54.99	54.99	54.99	54.99
Net Worth (Equity Share Capital + other equity less capital reserves)	₹ Crore	223.93	139.47	(695.11)	223.93	(695.11)	(208.18)
Net Profit/ (Loss) after tax	₹ Crore	63.93	(2.46)	6.38	61.47	49.97	529.42
Basic earnings/ (loss) per share (Not annualised for the quarter)	₹	0.38	(0.01)	0.04	0.37	0.32	3.35
Diluted earnings/ (loss) per share (Not annualised for the quarter)	₹	0.38	(0.01)	0.04	0.37	0.32	3.34
Current Ratio (Current assets/ Current liabilities)	Times	1.09	1.09	1.07	1.09	1.07	1.16
Long-term debt to working capital (Non-current borrowings + Current maturities of long-term debt)/ Net working capital	Times	3.07	3.12	4.20	3.07	4.20	2.03
Bad debts to accounts receivable ratio (Bad debts/ Average trade receivables)	%	-	-	-	-	-	-
Current liability ratio (Current liabilities/ Total liabilities)	Times	0.66	0.65	0.65	0.66	0.65	0.64
Total debts to total assets ratio [(Non-current borrowings + Current borrowings)/ Total assets]	Times	0.21	0.21	0.33	0.21	0.33	0.23
Debtors Turnover [(Revenue from operations/ Average trade receivable)] - Annualised	Times	1.65	2.53	2.71	1.87	2.49	2.23
Inventory Turnover [(Cost of Goods Sold/ Average inventory)] - Annualised Cost of Goods sold = Cost of materials consumed + Subcontracting expenses	Times	8.85	13.16	10.86	11.02	10.93	11.08
Operating Margin [(Earnings before finance costs, depreciation and amortisation, exceptional items and tax less other income)/ Revenue from operations]	%	18.66%	9.14%	14.07%	13.29%	14.84%	10.17%
Net Profit/ (Loss) Margin : [Profit/ (Loss) after tax/ Revenue from operations]	%	4.54%	-0.14%	0.35%	1.91%	1.33%	7.56%

Notes:
a) The Holding Company continue to maintain 100% asset cover for the Non Convertible Debentures issued by it.
b) Excludes discontinued operations.
^ Excludes interest expenses on interest on advance from customers.

for Hindustan Construction Company Limited

MUKUND M. CHITALE & CO. MUMBAI CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD.

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Date: 29 October 2024
Place: Mumbai

Walker Chandiok & Co LLP

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

To the Board of Directors of Hindustan Construction Company Limited

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

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

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

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

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

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

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

6. We draw attention to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Shashi Tadwalkar
Partner
Membership No. 101797

UDIN: 23101797BGXFHK3066

Place: Mumbai
Date: 9 November 2023

Appendix 1

List of entities included in the Statement

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

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

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

HCC

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

₹ in crore except earnings per share

Sr. No.	Particulars	Quarter ended			Six month ended		Year ended
		30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Continuing operations						
1	**Income**						
	(a) Revenue from operations	1,832.59	1,926.52	2,257.02	3,759.11	4,485.94	8,267.30
	(b) Other income (Refer note 9)	38.20	16.71	16.37	54.91	30.36	55.74
	Total income (a+b)	**1,870.79**	**1,943.23**	**2,273.39**	**3,814.02**	**4,516.30**	**8,323.04**
2	**Expenses**						
	(a) Cost of materials consumed	193.01	222.92	250.22	415.93	492.24	1,009.64
	(b) Subcontracting expenses	1,089.90	1,106.05	1,338.20	2,195.95	2,931.30	5,395.45
	(c) Changes in inventories	0.04	(2.98)	(11.07)	(2.94)	7.18	(11.04)
	(d) Employee benefits expense	153.88	164.02	192.18	317.90	407.42	727.95
	(e) Finance costs	256.08	246.16	247.74	502.24	510.69	1,012.31
	(f) Depreciation and amortisation expense	27.76	29.00	32.00	56.76	64.22	127.64
	(g) Other expenses	141.97	140.31	146.19	282.28	280.34	599.57
	Total expenses (a+b+c+d+e+f+g)	**1,862.64**	**1,905.48**	**2,195.46**	**3,768.12**	**4,693.39**	**8,861.52**
3	**Profit/ (Loss) before share of profit of associates, exceptional items and tax (1-2)**	**8.15**	**37.75**	**77.93**	**45.90**	**(177.09)**	**(538.48)**
4	Share of profit of associates (net)	4.08	3.86	1.65	7.94	2.09	9.59
5	**Profit/ (Loss) before exceptional items and tax (3+4)**	**12.23**	**41.61**	**79.58**	**53.84**	**(175.00)**	**(528.89)**
6	Exceptional items - Gain (Refer note 10)	1.53	-	223.30	1.53	223.30	409.74
7	**Profit/ (Loss) before tax (5+6)**	**13.76**	**41.61**	**302.88**	**55.37**	**48.30**	**(119.15)**
8	**Tax expense/ (credit)**						
	(a) Current tax	6.03	(2.80)	3.07	3.23	8.07	4.15
	(b) Deferred tax	1.35	0.82	(10.48)	2.17	10.61	(70.79)
	Total tax expense/ (credit) (a+b)	**7.38**	**(1.98)**	**(7.41)**	**5.40**	**18.68**	**(66.64)**
9	**Profit/ (Loss) for the period from continuing operations (7-8)**	**6.38**	**43.59**	**310.29**	**49.97**	**29.62**	**(52.51)**
10	**Discontinued Operations**						
	Profit/ (Loss) before tax from discontinued operations	(8.54)	13.08	10.52	4.54	12.33	28.99
	Tax expense of discontinued operations	0.64	3.94	1.77	4.58	1.77	4.32
	Profit/ (Loss) from discontinued operations (after tax)	**(9.18)**	**9.14**	**8.75**	**(0.04)**	**10.56**	**24.67**
11	**Other comprehensive income/ (loss)**						
	(a) Items that will not to be reclassified subsequently to statement of profit or loss (net of tax)						
	- Gain/ (Loss) on remeasurement of defined benefit plans	0.50	0.46	0.59	0.96	0.87	(20.23)
	- Gain/ (Loss) on fair value of equity instruments	6.66	6.32	1.37	12.98	(2.69)	0.53
	(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)						
	- Translation gain/ (loss) relating to foreign operations	(15.97)	11.07	(19.15)	(4.90)	9.15	(6.06)
	Other comprehensive income/ (loss) for the period/ year, net of tax (a+b)	**(8.81)**	**17.85**	**(17.19)**	**9.04**	**7.33**	**(25.76)**
12	**Total comprehensive income/ (loss) for the period/ year, (9+10+11)**	**(11.61)**	**70.58**	**301.85**	**58.97**	**47.51**	**(53.60)**
	Profit/ (loss) for the period/ year attributable to:						
	Owners of the parent	(2.80)	52.73	319.04	49.93	40.18	(27.84)
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*
	Other comprehensive income/ (loss) for the period/ year attributable to:						
	Owners of the parent	(8.81)	17.85	(17.19)	9.04	7.33	(25.76)
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*
	Total comprehensive income/ (loss) for the period/ year attributable to:						
	Owners of the parent	(11.61)	70.58	301.85	58.97	47.51	(53.60)
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*
13	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31	151.31
14	Other equity (excluding revaluation reserves)						(865.69)
15	**Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations**						
	(Not annualised for the quarters and six month)						
	(a) Basic EPS (in ₹)	0.04	0.29	2.05	0.33	0.20	(0.35)
	(b) Diluted EPS (in ₹)	0.04	0.29	2.05	0.33	0.20	(0.35)
	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations						
	(Not annualised for the quarters and six month)						
	(a) Basic EPS (in ₹)	(0.06)	0.06	0.06	(0.00)^	0.07	0.16
	(b) Diluted EPS (in ₹)	(0.06)	0.06	0.06	(0.00)^	0.07	0.16
	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations						
	(Not annualised for the quarters and six month)						
	(a) Basic EPS (in ₹)	(0.02)	0.35	2.11	0.33	0.27	(0.19)
	(b) Diluted EPS (in ₹)	(0.02)	0.35	2.11	0.33	0.27	(0.19)

* represents amount less than ₹ 1 lakh

^ represents EPS of less than ₹ 0.01 per equity share

See accompanying notes to the consolidated unaudited financial results

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

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UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2023		
		₹ in crore
Particulars	As at 30 September 2023	As at 31 March 2023
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	324.29	358.09
Right-of-use assets	158.43	186.80
Capital work-in-progress	0.12	0.12
Investment property	3.41	2.84
Goodwill	3.38	3.38
Other intangible assets	63.83	72.10
Investments in associates and joint ventures	87.67	59.66
Financial assets		
Other investments	32.10	19.11
Trade receivables	937.18	670.12
Loans	20.83	26.62
Other financial assets (Refer note 12)	8.34	3,134.09
Deferred tax assets (net)	779.85	782.02
Non-current tax assets (net)	126.13	117.46
Other non-current assets	117.91	117.56
Total non-current assets	**2,663.47**	**5,549.97**
Current assets		
Inventories	464.00	490.52
Financial assets		
Investments	0.18	0.70
Trade receivables	1,740.56	2,180.68
Cash and cash equivalents	366.12	581.91
Bank balances other than cash and cash equivalents	224.34	571.63
Other financial assets	140.67	96.93
Unbilled work-in-progress (contract assets)	3,776.76	3,442.44
Other current assets	266.30	262.96
	6,978.93	**7,627.77**
Assets held for sale	691.14	2.19
Total current assets	**7,670.07**	**7,629.96**
TOTAL ASSETS	**10,333.54**	**13,179.93**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	151.31	151.31
Other equity	(806.72)	(865.69)
Equity attributable to owners of the parent	**(655.41)**	**(714.38)**
Non-controlling interest	0.00*	0.00*
Total equity	**(655.41)**	**(714.38)**
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	1,968.13	4,851.11
Lease liabilities	159.08	185.70
Other financial liabilities	1,588.19	1,708.73
Provisions	112.29	126.68
Total non-current liabilities	**3,827.69**	**6,872.22**
Current liabilities		
Financial liabilities		
Borrowings	430.57	443.41
Lease liabilities	25.18	31.35
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	120.81	134.67
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,284.50	2,856.54
Other financial liabilities	926.91	856.67
Other current liabilities	1,873.49	2,088.53
Current tax liabilities	10.53	8.97
Provisions	499.04	601.94
	6,171.03	**7,022.08**
Liabilities of a disposal group held for sale	990.23	-
Total current liabilities	**7,161.26**	**7,022.08**
TOTAL EQUITY AND LIABILITIES	**10,333.54**	**13,179.93**

* represents amount less than ₹ 1 lakh

See accompanying notes to the consolidated unaudited financial results

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

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTH ENDED 30 SEPTEMBER 2023		
		₹ in crore
Particulars	Six month ended	
	30-Sep-23	30-Sep-22
	Unaudited	Unaudited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax including discontinued operations	59.91	60.62
Adjustments for :		
Depreciation and amortisation expense	56.76	64.22
Finance costs	502.24	510.69
Interest income	(13.30)	(9.50)
Fair valuation gain on subsequent measurement of financial assets	(275.80)	-
Gain on implementation of debt resolution plan of Holding Company	-	(223.30)
Gain on settlement of debt	(24.26)	-
Gain on deconsolidation of an erstwhile subsidiary	(1.53)	-
Deconsolidation of subsidiary	-	(2.02)
Share of profit of associates and joint ventures	(7.94)	(2.09)
Dividend income	(0.05)	-
Unrealised exchange gain on foreign currency translation (net)	(2.17)	(0.67)
Profit on disposal of property, plant and equipment (net)	(3.69)	(2.95)
Loss allowance on financial assets	2.23	-
Provision no longer required written back	(31.76)	(6.57)
	200.73	327.81
Operating profit before working capital changes	260.64	388.43
Adjustments for changes in working capital:		
(Increase) / decrease in inventories	26.52	(2.84)
Increase in trade receivables	149.38	(17.85)
(Increase) / Decrease in other financial assets, other assets and unbilled work-in-progress	(767.53)	63.92
Decrease in trade payables, other financial liabilities, other liabilities and provisions	231.63	(512.46)
Cash generated from operations	(99.31)	(80.80)
Direct taxes paid/ (refunded) (net of paid)	(14.92)	(9.91)
Net cash generated from operating activities	(114.23)	(90.71)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3.94)	(78.60)
Proceeds from disposal of property, plant and equipment	8.42	6.54
Proceeds from sale of investments	0.51	1.48
Investments in associates	2.48	-
Net proceeds from/ (investments in) bank deposits	347.28	(39.20)
Interest received	9.29	6.80
Dividend received	0.05	2.02
Net cash generated from/ (used in) investing activities	364.09	(100.96)
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(28.58)	15.13
(Repayment of)/ Proceeds from short-term borrowings (net)	(12.84)	(18.96)
Repayment of lease liabilities	(32.79)	(11.71)
Proceeds from issue of equity shares by erstwhile subsidiary	15.25	-
Finance costs paid	(101.34)	(106.21)
Net cash used in financing activities	(160.30)	(121.75)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	89.56	(313.42)
Cash and cash equivalents at the beginning of the year	581.91	720.97
Impact of discontinued operation	(280.62)	-
Impact of deconsolidation of erstwhile subsidiary	(25.05)	-
Unrealised foreign exchange gain (net)	0.32	5.76
Cash and cash equivalents at the end of the year	366.12	413.31

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Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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10 Exceptional items includes :

₹ in crore

Particulars	Quarter ended			Six months ended		Year ended
	30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
Gain on implementation of debt resolution plan of Holding Company (Refer note 5)	-	-	223.30	-	223.30	223.30
Gain on settlement of debt	-	-	-	-	-	43.96
Gain on deconsolidation of a erstwhile subsidiary (Refer note 12)	1.53	-	-	1.53	-	142.48
Total	**1.53**	**-**	**223.30**	**1.53**	**223.30**	**409.74**

11(a) During the current quarter, Steiner AG ('SAG'), a step-down subsidiary of the Group, entered into a binding term sheet for 100% stake sale of Steiner Construction SA ('SCSA'), a wholly owned subsidiary of SAG which is expected to be concluded within the next 12 months.

Pursuant to the above, SCSA has been presented as discontinued operations in accordance with Ind AS 105, 'Non-current Assets Held for Sale and Discontinued Operations'. The requisite disclosures in accordance with Ind AS 105 are given below:

₹ in crore

Particulars	Quarter ended			Six month ended		Year ended
	30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
Revenue from operations	540.65	638.31	241.76	1,178.96	241.76	1,589.29
Other income	-					
Total income	**540.65**	**638.31**	**241.76**	**1,178.96**	**241.76**	**1,589.29**
Total expenses	549.19	625.23	228.41	1,174.42	228.41	1,559.22
Profit/ (Loss) before tax	**(8.54)**	**13.08**	**13.35**	**4.54**	**13.35**	**30.07**
Tax expense on profit on sale of discontinued operation	0.64	3.94	1.77	4.58	1.77	4.15
Profit/ (Loss) from sale of discontinued operations, net of tax	**(9.18)**	**9.14**	**11.58**	**(0.04)**	**11.58**	**25.92**

11(b) During the year ended 31 March 2022, HCC Concessions Limited ('HCL') (now merged with HICL) entered into a binding term sheet with Cube Highways and Infrastructure II Pte. Limited ('Cube') for a 100% stake sale of Bahrampore-Farakka Highways Limited ('BFHL'), a step-down subsidiary of Holding Company. Consequently, the results of BFHL's operations have been presented as discontinued operations in occordance with 'Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations'.

On 28 March 2023, HICL has completed the 100% stake sale of BFHL to Cube. Pursuant to the above, HICL has received ₹ 373.99 crore towards consideration for sale of equity shares and a resultant gain of ₹ 142.48 crore on sale of BFHL has been recognised during the year ended 31 March 2023.

Additionally as a part of the agreement with Cube, the Group continues to be entitled to certain earn-outs (contingent on future traffic/ revenue projections), certain revenue share from BFHL over the concessions period which would overall be material in nature.

The requisite disclosures in accordance with Ind AS 105 for said period are given below:

₹ in crore

Particulars	Quarter ended			Six month ended		For the period
	30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	1 April 2022 to 28 March 2023
Revenue from operations	-	-	90.84	-	161.76	372.05
Other income	-	-	2.13	-	4.47	7.88
Total income	**-**	**-**	**92.97**	**-**	**166.23**	**379.93**
Total expenses	-	-	95.80	-	167.25	405.93
Loss before tax	**-**	**-**	**(2.83)**	**-**	**(1.02)**	**(26.00)**
Impact of elimination	**-**	**-**	**-**	**-**	**-**	**(24.92)**
Loss before tax	**-**	**-**	**(2.83)**	**-**	**(1.02)**	**(1.08)**
Tax expense on profit on sale of discontinued operation	-	-	-	-	-	0.17
Loss from sale of discontinued operations, net of tax	**-**	**-**	**(2.83)**	**-**	**(1.02)**	**(1.25)**

12 During the current quarter, the Prolific Resolution Private Limited ('PRPL') has issued 52,040 equity shares to Jadeja Investments Management Private Limited ('JIPL') on preferential basis for a consideration of ₹ 25 crore. Pursuant to aforementioned issue of equity shares, as at 30 September 2023, JIPL holds 51% share of PRPL.

Consequent to the above, w.e.f. 30 September 2023, PRPL ceases to be a subsidiary of the Holding Company and based on the terms of the Investment Agreement and Service Agreement, JIPL and HCC have joint control over the relevant activities of PRPL. Consequently, assets and liabilities of PRPL has been derecognized from consolidated financial statements and the Group has recognised a gain on deconsolidation of ₹ 1.53 crore which has been presented as an exceptional item in the financial results for the quarter and six month period ended 30 September 2023.

13 Figures for the previous period/ year have been regrouped/ reclassified to conform to the current period's presentation, wherever considered necessary. The impact of such regroupings/ reclassifications is not material to these financial results.

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14 Additional disclosures as per Clause 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Unit of Measurement	Quarter ended			Six month ended		Year ended
		30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
Debt Equity ratio : Total Debt/ (Equity Share Capital + Other equity less capital reserves)	Times	(4.88)	(7.75)	(8.16)	(4.88)	(8.16)	(7.02)
Debt Service Coverage ratio : [(Earnings before interest^, depreciation and amortisation, exceptional items and tax)/ (Interest^ on debt for the period/ year + Principal repayment of current borrowings and lease liabilities within one year)] - Annualised	Times	0.77	0.84	1.00	0.81	0.51	0.30
Interest Service Coverage ratio : [(Earnings before interest^, depreciation and amortisation, exceptional items and tax)/ Interest^ on debt for the period/ year]	Times	1.19	1.36	1.51	1.27	0.76	0.49
Outstanding redeemable preference shares	₹ Crore	-	-	-	-	-	-
Debenture Redemption reserve	₹ Crore	54.99	54.99	54.99	54.99	54.99	54.99
Net Worth : (Equity Share Capital + other equity less capital reserves)	₹ Crore	(695.11)	(683.73)	(770.31)	(695.11)	(770.31)	(754.08)
Net Profit/ (Loss) after tax	₹ Crore	6.38	43.59	310.29	49.97	29.62	(52.51)
Basic earnings/ (loss) per share (Not annualised for the quarter and six month)	₹	0.04	0.29	2.05	0.33	0.20	(0.35)
Diluted earnings/ (loss) per share (Not annualised for the quarter and six month)	₹	0.04	0.29	2.05	0.33	0.20	(0.35)
Current Ratio : (Current assets/ Current liabilities)	Times	1.07	1.09	1.05	1.07	1.05	1.09
Long-term debt to working capital : [(Non-current Borrowings + Current maturities of long-term debt)/ Net working capital]	Times	4.20	7.82	14.76	4.20	14.76	8.29
Bad debts to accounts receivable ratio : (Bad debts/ Average trade receivables)	%	-	-	-	-	-	-
Current liability ratio : (Current liabilities/ Total liabilities)	Times	0.65	0.50	0.53	0.65	0.53	0.51
Total debts to total assets ratio : [(Non-current Borrowings + Current Borrowings)/ Total Assets]	Times	0.33	0.40	0.45	0.33	0.45	0.40
Debtors Turnover : [(Revenue from operations/ Average trade receivable)] - Annualised	Times	2.71	2.76	2.50	2.72	2.47	2.22
Inventory Turnover : [(Cost of Goods Sold/ Average inventory)] - Annualised Cost of Goods sold = Cost of materials consumed + Subcontracting expenses	Times	10.86	10.92	13.08	10.93	14.11	13.11
Operating Margin : [(Earnings before finance costs, depreciation and amortisation, exceptional items and tax less Other Income)/ Revenue from operations]	%	14.07%	15.58%	15.20%	14.84%	8.24%	6.72%
Net Profit/ (Loss) Margin : [Profit/ (Loss) after tax/ Revenue from operations]	%	0.35%	2.26%	13.75%	1.33%	0.66%	-0.64%

Notes:
a) The Holding Company continue to maintain 100% asset cover for the Non Convertible Debentures issued by it.
b) Excludes discontinued operations.

^ Excludes interest expenses on interest on advance from customers.

for **Hindustan Construction Company Limited**

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

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Mumbai, Dated : 09 November 2023

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP

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Independent Auditor's Report

To the Members of Hindustan Construction Company Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures, as at 31 March 2024, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹ 613.09 crore as at 31 March 2024, which mainly includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the Holding Company's management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2024.

   Our audit report dated 18 May 2023 on the consolidated financial statements of the Group for the year ended 31 March 2023 was also qualified in respect of this matter.

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4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 17 and 18 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

5. In relation to the matter described in Note 48 to the accompanying consolidated financial statements and the following Material Uncertainty Related to Going Concern paragraph included in audit report on the consolidated financial statements of Steiner AG, a step-down subsidiary of the Holding Company, audited by an independent firm, vide their audit report dated 24 April 2024 which is reproduced by us as under:

   "We draw attention to the note XX of the consolidated financial statements describing the performance of the company given its challenging business situations and resulting liquidity difficulties it faced as of 31 March 2024. Furthermore, the company did not comply with the financial covenant of the bank syndicate facility regarding the minimum consolidated EBIT as at 31 March 2024. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The company's ability to continue as a going concern depends on whether it can achieve the proposed liquidity measures."

   Our opinion is not modified in respect of this matter.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

7. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key audit matter	How our audit addressed the key audit matter
(a) Assessment of control in Prolific Resolution Private Limited pursuant to the terms of investment agreement (Refer note 33.2 to the consolidated financial statements)	
Pursuant to the successful implementation of the resolution plan during the previous year, the Holding Company novated specified debt of lenders to Prolific Resolution Private Limited ('PRPL'), its wholly owned subsidiary, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims in favor of PRPL. Further, PRPL also entered into a Service Agreement with the Holding Company to avail services for efficient management and realisation of monies due under the specified awards and claims. During the year, the Holding Company, PRPL and Jadeja Investment Management Private Limited ('JIPL') entered into an Investment Agreement pursuant to which PRPL has issued 52,040 equity shares to JIPL on preferential basis for a consideration of ` 25 crore resulting in dilution of interest of the Holding Company in PRPL and JIPL acquiring 51% share of PRPL. Based on the evaluation of the terms of the Investment Agreement and Service Agreement, the Group and JIPL are assessed to have joint control over the relevant activities of PRPL and consequently, PRPL ceased to be a subsidiary of the Group. Considering the complexities involved and significant management judgement in assessing control over relevant activities of PRPL, this transaction has been considered as a key audit matter for the current year audit.	Our audit procedures to address this key audit mater included but were not limited to the following: • Evaluated the design and tested the operating effectiveness of the key internal controls relating to assessment of control over investee companies. • Obtained and reviewed the terms of the Investment Agreement and Service Agreement to understand the rights of the parties with respect to directing the relevant activities of PRPL. • Assessed the reasonability of judgements exercised by the management with respect to the assessment of control over relevant activities of PRPL in accordance with Ind AS 110 'Consolidated Financial Statements'. • Assessed whether the Holding Company has joint control over relevant activities of PRPL in accordance with the criteria given under Ind AS 111, Joint Arrangements; • Obtained and tested the computation of 'gain on loss of control' recognised in the consolidated financial statements; and • Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.

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Key audit matter	How our audit addressed the key audit matter
(b) Recognition of contract revenue, margin and contract costs (Refer note 25 to the consolidated financial statements)	
The Group's revenue primarily arises from construction contracts and real estate which, by its nature, is complex given the significant judgements involved in the assessment of identification and satisfaction of performance obligations. The Group recognises contract revenue on the basis of stage of completion determined based on the proportion of contract costs incurred till balance sheet date to the total estimated costs of the contract at completion. The recognition of contract revenue and the resultant profit/ loss therefore rely on estimates in relation to forecasted revenue and contract costs. These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise significant judgement in its assessment of the transaction price which may also include variable consideration pertaining to additional claims raised by the Company. The management is also required to exercise judgment to assess the completeness and accuracy of forecasted costs to complete. Changes in these estimates as contracts progress can result in material adjustments to revenue and margins. Considering high estimation uncertainty, complexities involved and material impact on the financial statements, this area has been considered a key audit matter for the current year audit.	Our audit procedures and those performed by the component auditors to address this key audit matter included, but were not limited to the following: • Obtained an understanding of the Group's revenue recognition processes and evaluated the appropriateness of the Group's accounting policy for revenue recognition in accordance with Ind AS 115 – Revenue from contracts with customers; • Evaluated the design and tested the operating effectiveness of key internal financial controls including those related to estimation of forecasted contract revenue and contracts costs; • For a sample of contracts, performed the following procedures: - inspected the underlying documents such as customer contract/ agreement and variation orders, if any, for the significant contract terms and conditions; - evaluated the identification of performance obligations as per the contract; - obtained an understanding of and evaluated the reasonableness of the assumptions applied in determining the forecasted revenue and cost to complete; - tested the existence and valuation of variable consideration with respect to the contractual terms and conditions, and inspected the related correspondence with customers; and - reviewed the legal and contracting experts' note and/ or legal opinion from independent legal counsel obtained by the management, if any; - Tested the forecasted cost by obtaining executed purchase orders/ agreements/ relevant documents and evaluated the reasonableness of management judgements/ estimates; • For cost incurred to date, tested samples by verifying underlying supporting documents • Performing analytical procedures including project profitability analysis, for reasonableness of revenue recognized; and • Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the consolidated financial statements in accordance with the applicable accounting standards.

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<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(c) Uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables (Refer note 36 of the consolidated financial statements)</td></tr>
<tr><td>The Holding Company, as at 31 March 2024, has unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 528.81 crore, ₹ 245.54 crore and ₹ 57.52 crore, respectively, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. The Holding Company is at various stages of negotiations/ discussions / arbitration/ litigation with the customers in respect of the aforementioned receivables.

Management, based on contractual tenability, progress of the negotiations/ discussions/ arbitration/ litigation and relying on the legal opinion obtained from independent legal counsel in certain cases, has determined that no provision is required to be recognised for the aforementioned receivables.

Considering the materiality of the amounts involved, uncertainty associated with the outcome of the negotiations/ discussions/ arbitration/ litigation and significance of management judgement involved in assessing the recoverability, this was considered to be a key audit matter in the audit of the consolidated financial statements.

Further, the aforementioned matter as fully explained in Note 36 to the consolidated financial statements is also considered fundamental to the user's understanding of the consolidated financial statements.</td><td>Our audit procedures included, but were not limited to, the following:
• Obtained an understanding of the management process and evaluated the design and tested the effectiveness of key internal financial controls for assessing the recoverability of unbilled work-in-progress (contract assets) and trade receivables.

• Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of these receivables and validated them with corroborating evidence;

• Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables;

• Obtained an understanding of the current period developments for respective receivables pending at various stages of negotiations/ discussions/ arbitration/ litigation and corroborated the updates with relevant underlying documents.

• Reviewed the legal and contractual experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters; and

• Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.</td></tr>
</table>

Information other than the Consolidated Financial Statements and Auditor's Report thereon

8. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board Report, Report on Corporate Governance and Management Discussion and Analysis Report but does not include the consolidated financial statements and our auditor's report thereon. The Board Report, Report on Corporate Governance and Management Discussion and Analysis Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Board Report, Report on Corporate Governance and Management Discussion and Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate companies and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

13. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertain[illegible] exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statemer[illegible] [illegible]es are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obt[illegible] our auditor's report. However, future events or conditions may cause the Group and its assoc[illegible] [illegible] ventur[illegible]s to cease to continue as a going concern;

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associates and joint ventures, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. We did not audit the financial statements of twenty-seven (27) subsidiaries, whose financial statements reflect total assets of ₹ 3,355.83 crore as at 31 March 2024, total revenues of ₹ 1,965.73 crore crore and net cash outflows amounting to ₹ 581.99 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 41.16 crore for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of five (5) associates and one (1) joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

18. We did not audit the financial statements of eight (8) joint operations, whose financial statements reflects Group's share of total assets of ₹ 152.61 crore as at 31 March 2024, and the Group's share of total revenues of ₹ 475.19 crore, total net profit after tax of ₹ 7.40 crore, total comprehensive income of ₹ 7.40 crore and cash outflows (net) of ₹ 0.20 crore respectively for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management of the Holding Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint operations, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations, are based solely on the reports of the other auditors.

    Further, of these joint operations, the financial statements of five (5) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by ICAI. The Holding Company's management has converted the financial statements of such joint operations in accordance with Ind AS and other accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of such joint operations, is based on the audit report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

19. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 17, on separate financial statements of the subsidiaries, associates and joint ventures, we report that the Holding Company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

    Further, we report that nineteen (19) subsidiary companies and one (1) joint venture company incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.

20. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 17 above, of companies included in the consolidated financial statements for the year ended 31 March 2024 and covered under the Act, refer Annexure II for details of qualifications and/or adverse remarks given by the respective auditors in the Order reports of such companies.

21. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

    a) We have sought and except for the matters described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matters described in the Basis for Qualified Opinion section and except for the matters stated in paragraph 21(j)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) Except for the possible effects of the matters described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) The matters described in paragraph 3 of the Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Holding Company and paragraph 5 of the Emphasis of Matter section may have an adverse effect on the functioning of Steiner AG, a step-down subsidiary of the Holding Company;

    f) On the basis of the written representations received from the directors of the Holding Company and its subsidiaries and taken on record by the Board of Directors of the Holding Company and its subsidiaries respectively, and the reports of the statutory auditors of its subsidiaries, associates and joint ventures, covered under the Act, none of the directors of the Group companies, its associate companies and joint venture companies, are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.

    g) The qualification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 3 of the Basis for Qualified Opinion section, paragraph 21(b) above on reporting under section 143(3)(b) of the Act and paragraph 21(j)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

    h) With respect to the adequacy [illegible] l controls with reference to financial statements of the Holding Company, and its subsidiaries [illegible] ventures covered under the Act, and the operating effectiveness of such controls, refer to our s[illegible] exure III' wherein we have expressed a modified opinion; and

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i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed in Notes 7.1, 35, 36 and 37 to the consolidated financial statements;

ii. Provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 22 to the consolidated financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries, associates and joint ventures covered under the Act, during the year ended 31 March 2024;

iv.

a. The respective managements of the Holding Company and its subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief as disclosed in note 50 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries, associates and joint ventures to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries, associates and joint ventures ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in the note 50 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries, associates and joint ventures from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries, associates and joint ventures shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, associates and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Holding Company, its subsidiaries, associates and joint ventures have not declared or paid any dividend during the year ended 31 March 2024.

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vi. As stated in note 51 to the consolidated financial statements based on our examination which included test checks and that performed by the respective auditors of the subsidiaries, associates and joint ventures of the Holding Company which are companies incorporated in India and audited under the Act, except for instance mentioned below, the Holding Company its subsidiaries, associates and joint ventures, in respect of financial year commencing on 1 April 2023, have used an accounting software for maintaining their books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and respective auditors of the above referred subsidiaries, associates and joint ventures did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exception given below:

Nature of exception noted	Details of exception
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software.	The audit trail feature was not enabled at the database level for accounting software to log any direct data changes, used for maintenance of all records by the Holding Company and fifteen (15) subsidiaries and one (1) joint venture.

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

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 24101797BKCPCT7447

Place: Mumbai
Date: 24 May 2024

Annexure I to the Independent Auditor's Report
(Referred to in paragraph 1 of our report of even date)

List of entities included in the consolidated financial statements

Subsidiary Companies	
HCC Contract Solutions Limited	HRL (Thane) Real Estate Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited (upto 31 March 2024)	HCC Realty Limited (upto 31 March 2024)
Panchkutir Developers Limited	HCC Operation and Maintenance Limited
HCC Mauritius Enterprises Limited	Steiner Promotions et Participations SA
Highbar Technologies Limited	Steiner (Deutschland) GmbH
HCC Infrastructure Company Limited	VM + ST AG
HCC Mauritius Investments Limited	Steiner Leman SAS
HRL Township Developers Limited	Steiner India Limited
HCC Aviation Limited (upto 31 March 2024)	Powai Real Estate Developer Limited (upto 31 March 2024)
Nashik Township Developers Limited (upto 31 March 2024)	Baharampore - Farakka Highways Limited (upto 28 March 2023)
Maan Township Developers Limited	Raiganj - Dalkhola Highways Limited
Manufakt8048 AG	Steiner Construction SA (upto 18 January 2024)
Narmada Bridge Tollways Limited	Prolific Resolution Private Limited (upto 30 September 2023)
Badarpur Faridabad Tollways Limited	

Associates	
Highbar Technocrat Limited	Evostate Immobilien AG
Evostate AG	MCR Managing Corp. Real Estate
Hegias AG, Zurich	

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

Joint Venture	
Prolific Resolution Private Limited (w.e.f. 30 September 2023)	

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CHARTERED ACCOUNTANTS

Annexure II to the Independent Auditor's Report

(Referred to in Paragraph 22 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Following are the qualifications/adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2024 for which such Order reports have been issued till date and made available to us:

Sr No	Name of the entity	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Hindustan Construction Company Limited	L45200MH1926PLC001228	Holding Company	(vii)(a)
2	Western Securities Limited	U67120MH1985PLC037511	Subsidiary	(iii)(b), (iii)(c), (iii)(d), (iii)(e), (iii)(f) and (iv)
3	Highbar Technologies Limited	U72900MH2009PLC197299	Subsidiary	(xix)
4	HRL Township Developers Limited	U45201MH2006PLC163478	Subsidiary	(iii)(b), (iii)(c)
5	Maan Township Developers Limited	U45200MH2007PLC167462	Subsidiary	(i)(c), (iii)(b), (iii)(c)
6	Panchkutir Developers Limited	U45201MH2006PLC165073	Subsidiary	(iii)(b), (iii)(c), (vii)(a)
7	HCC Infrastructure Company Limited	U45400MH2010PLC210944	Subsidiary	(iii)(b), (iii)(c), (iii)(d), (vii)(b)
8	HRL (Thane) Real Estate Limited	U45201MH2006PLC163515	Subsidiary	(i)(c)
9	Badarpur Faridabad Tollway Limited	U45203MH2008PLC184750	Subsidiary	(xix)
10	Raiganj-Dalkhola Highways Limited	U45400MH2010PLC200734	Subsidiary	(xix)
11	HCC Operations & Maintenance Limited	U93030MH2012PLC237676	Subsidiary	(vii)(b)
12	Steiner India Limited	U45203MH2011FLC221029	Subsidiary	(iii)(b), (vii)(b), (x)(b)

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure III to the Independent Auditor's Report of even date to the members of Hindustan Construction Company Limited on the consolidated financial statements for the year ended 31 March 2024

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Hindustan Construction Company Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and joint venture companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and joint venture companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and joint venture companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timel[illegible]rised acquisition, use, or disposition of the company's assets that could have a material effect c[illegible] financial sta[illegible]nts.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Group's internal financial controls with reference to financial statements as at 31 March 2024:

    a) The Holding Company's internal financial controls system with respect to assessing the recoverability of deferred tax assets, as explained in Note 10.1 to the consolidated financial statements, as per Ind AS 12 'Income taxes' were not operating effectively, which could potentially lead to a material misstatement in the carrying value of deferred tax assets and its consequential impact on earnings, other equity and related disclosures in the consolidated financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

10. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company, its subsidiary companies, its associate companies and joint venture companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and except for the possible effects of the material weakness described in paragraph 8 above on the achievement of the objectives of the control criteria, the Group's internal financial controls with reference to financial statements were operating effectively as at 31 March 2024.

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group and its associate company, which are companies covered under the Act, as at and for the year ended 31 March 2024, and these material weaknesses have affected our opinion on the consolidated financial statements of the Group, and its associate companies and we have issued a qualified opinion on the consolidated financial statements.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Other Matter

12. We did not audit the internal financial controls with reference to financial statements in so far as it relates to eighteen (18) subsidiary companies, one (1) joint venture company and one (1) associate company, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 555.45 crore and net assets of ₹ 36.55 crore as at 31 March 2024, total revenues of ₹ 282.72 crore and net cash outflows amounting to ₹15.13 crore for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies, its associate companies and joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, associate companies and joint venture companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 24101797BKCPCT7447

Place: Mumbai
Date: 24 May 2024

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 March 2024

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2024
(Amount in ₹ crore, unless otherwise stated)

	Note No.	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3A	284.07	358.09
Right-of-use assets	3B	93.62	186.80
Capital work-in-progress	3C	0.84	0.12
Investment property	4	3.45	2.84
Goodwill	5	3.38	3.38
Other intangible assets	5	64.09	72.10
Investments in joint ventures and associates	6	206.82	59.66
Financial assets			
Other investments	6A	38.56	19.11
Trade receivables	7	703.15	670.12
Loans	8	36.78	26.62
Other financial assets	9	10.05	3,134.10
Deferred tax assets (net)	10	623.43	782.02
Non-current tax assets (net)	10	43.48	117.46
Other non-current assets	11	118.82	117.56
Total non-current assets		2,230.54	5,549.98
Current assets			
Inventories	12	436.31	490.52
Financial assets			
Investments	13	0.15	0.70
Trade receivables	7	2,204.17	2,698.14
Cash and cash equivalents	14	398.73	581.91
Bank balances other than cash and cash equivalents	15	114.39	571.63
Other financial assets	9	59.76	95.09
Unbilled work-in-progress (contract assets)	16	3,414.29	2,924.98
Other current assets	11	201.04	262.96
		6,828.84	7,625.93
Assets held for sale	17	-	2.19
Total current assets		6,828.84	7,628.12
TOTAL ASSETS		9,059.38	13,178.10
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	151.31	151.31
Other equity	19	(319.79)	(865.69)
Equity attributable to owners of the parent		(168.48)	(714.38)
Non-controlling interest		0.00 *	0.00 *
Total equity		(168.48)	(714.38)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	1,671.52	4,851.11
Lease liabilities	41	96.89	185.70
Other financial liabilities	21	1,470.55	1,708.73
Provisions	22	86.68	126.68
Total non-current liabilities		3,325.64	6,872.22
Current liabilities			
Financial liabilities			
Borrowings	20	436.95	443.41
Lease liabilities	41	17.18	31.35
Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		90.38	134.67
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,383.11	2,856.54
Other financial liabilities	21	1,016.48	856.76
Other current liabilities	24	1,651.17	2,086.62
Current tax liabilities	10	0.21	8.97
Provisions	22	306.74	601.94
		5,902.22	7,020.26
TOTAL EQUITY AND LIABILITIES		9,059.38	13,178.10

* Represents amount less than ₹ 1 lakh
The accompanying notes are an integral part of the consolidated financial statements

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

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2023

This is the Consolidated Balance Sheet referred to in our audit report of even date

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

For and on behalf of the Board of Directors

Shashi Tadwalkar
Partner
Membership No.: 101797

Ajit Gulabchand
Chairman
DIN : 00010827

Arjun Dhawan
Executive Vice Chairman
DIN : 01778379

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Mahendra Singh Mehta
Director
DIN : 00019566

Girish Gangal
Chief financial officer

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 24 May 2024

Place: Mumbai
Date: 24 May 2024

Hindustan Construction Company Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2024
(Amount in ₹ crore, unless otherwise stated)

	Note No.	Year ended 31 March 2024	Year ended 31 March 2023
Continuing Operations			
Income			
Revenue from operations	25	7,006.71	8,269.86
Other income	26	132.66	53.18
Total income		7,139.37	8,323.04
Expenses			
Cost of materials consumed	27	862.05	1,009.64
Subcontracting expenses		4,261.65	5,395.45
Changes in inventories	28	10.16	(11.04)
Employee benefits expense	29	640.33	727.95
Finance costs	30	813.27	1,012.31
Depreciation and amortisation expense	31	105.10	127.64
Other expenses	32	561.32	599.57
Total expenses		7,253.88	8,861.52
Loss before share in profit of associates/ joint ventures, exceptional items and tax		(114.51)	(538.48)
Share in profit of associates/ joint ventures (net)		41.39	9.59
Loss before exceptional items and tax		(73.12)	(528.89)
Exceptional items - Gain	33	850.75	409.74
Profit/ (Loss) before tax		777.63	(119.15)
Tax expense / (credit)	10		
Current tax		89.64	4.15
Deferred tax		158.57	(70.79)
Total tax expense/ (credit)		248.21	(66.64)
Profit / (loss) for the year from continuing operations (A)		529.42	(52.51)
Discontinued Operations			
Profit/ (Loss) before tax from discontinued operations		(51.26)	28.99
Tax expense of discontinued operations		-	4.32
Profit/ (Loss) after tax from discontinued operations (B)		(51.26)	24.67
Net profit/ (loss) from total operation (A) + (B)		478.16	(27.84)
Other comprehensive income/ (loss)			
(a) Items that will not to be reclassified subsequently to statement of profit or loss (net of tax)			
- Gain/ (Loss) on remeasurement of defined benefit plans		49.92	(20.23)
- Gain on fair value of equity instruments		19.46	0.53
(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)			
- Translation loss relating to foreign operations		(1.84)	(6.06)
Total other comprehensive income/ (loss) for the year, net of tax (C)		67.54	(25.76)
Total comprehensive income/ (loss) for the year, net of tax (A+B+C)		545.70	(53.60)
Profit/ (loss) for the year attributable to:			
Owners of the parent		478.16	(27.84)
Non-controlling interest		(0.00)*	0.00*
Other comprehensive income/ (loss) attributable to:			
Owners of the parent		67.54	(25.76)
Non-controlling interest		(0.00)*	0.00*
Total comprehensive income/ (loss) attributable to:			
Owners of the parent		545.70	(53.60)
Non-controlling interest		(0.00)*	0.00*
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations			
a) Basic EPS (in ₹)	34	3.50	(0.35)
b) Diluted EPS (in ₹)		3.50	(0.35)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
a) Basic EPS (in ₹)	34	(0.34)	0.16
b) Diluted EPS (in ₹)		(0.34)	0.16
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations			
a) Basic EPS (in ₹)	34	3.16	(0.19)
b) Diluted EPS (in ₹)		3.16	(0.19)

* Represents amount less than ₹ 1 lakh
The accompanying notes are an integral part of the consolidated financial statements

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

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS MUMBAI

Hindustan Construction Company Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2024

This is the Consolidated Statement of Profit and Loss referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No.: 101797

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Arjun Dhawan
Executive Vice Chairman
DIN : 01778379

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Mahendra Singh Mehta
Director
DIN : 00019566

Girish Gangal
Chief financial officer

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 24 May 2024

Place: Mumbai
Date: 24 May 2024

Hindustan Construction Company Limited

Consolidated Statement of Cash Flow for the year ended 31 March 2024

(Amount in ₹ crore, unless otherwise stated)

	Year ended 31 March 2024	Year ended 31 March 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax including discontinued operations	726.37	(90.16)
Adjustments for :		
Depreciation and amortisation expense	105.10	127.64
Finance costs	813.27	1,012.31
Interest income	(31.10)	(20.95)
Fair valuation gain on subsequent measurement of financial assets	(275.80)	(248.55)
Gain on implementation of debt resolution plan of the holding company	-	(223.30)
Gain on sale of land	(87.93)	-
Gain on settlement of debt	(55.75)	(43.96)
Gain on deconsolidation of erstwhile subsidiaries	(762.82)	(142.48)
Share in profit of associates and joint ventures (net)	(41.39)	(9.59)
Dividend income	(0.07)	(4.57)
Unrealised exchange gain on foreign currency translation (net)	(23.13)	(4.18)
Profit on disposal of property, plant and equipment (net)	(6.06)	(2.89)
Employee stock option expenses	0.20	0.00
Loss allowance on financial assets	19.33	29.72
Provision no longer required written back	(64.94)	(50.14)
	(411.09)	419.06
Operating profit before working capital changes	315.28	328.90
Adjustments for changes in working capital:		
Increase/ (decrease) in inventories	54.21	(5.68)
Increase/ (decrease) in trade receivables	425.74	(239.57)
Increase/ (decrease) in other financial assets, other assets and unbilled work-in-progress	(746.15)	145.20
Decrease in trade payables, other financial liabilities, other liabilites and provisions	80.50	(217.83)
Cash generated from operations	129.58	11.02
Direct taxes paid/ (refunded) (net)	(38.90)	4.98
Net cash generated from operating activities	90.68	16.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18.63)	(214.46)
Proceeds from disposal of property, plant and equipment	98.61	9.47
Proceeds from sale of investments	0.26	5.69
Investments in associates	-	(29.60)
Net proceeds from bank deposits	457.19	250.06
Interest received	14.93	25.89
Proceeds from sale of erstwhile subsidiaries	272.42	373.99
Dividend received	0.07	4.57
Net cash generated from investing activities	824.85	425.61
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(284.69)	(175.43)
Repayment of short-term borrowings (net)	(45.32)	(26.00)
Repayment of lease labilities	(33.05)	(9.77)
Proceeds from issue of equity shares by erstwhile subsidiary	15.25	-
Finance costs paid	(462.03)	(391.90)
Net cash used in used in financing activities	(809.84)	(603.10)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	105.69	(161.49)
Cash and cash equivalents at the beginning of the year	581.91	720.97
Impact of deconsolidation of erstwhile subsidiaries	(313.96)	-
Unrealised foreign exchange gain (net)	25.09	22.43
Cash and cash equivalents at the end of the year	398.73	581.91

Notes :

1) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows.

2) Additions include movements of capital work-in-progress, capital advances and liability for capital goods, including intangible assets.

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

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Consolidated Statement of Cash Flow for the year ended 31 March 2024

This is the Consolidated Cash Flow Statement referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No.: 101797

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Arjun Dhawan
Executive Vice Chairman
DIN : 01778379

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Mahendra Singh Mehta
Director
DIN : 00019566

Girish Gangal
Chief financial officer

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 24 May 2024

Place: Mumbai
Date: 24 May 2024

Hindustan Construction Company Limited

Consolidated Statement of Change in Equity for the year ended 31 March 2024

(Amount in ₹ crore, unless otherwise stated)

a) Equity share capital (equity shares of ₹ 1 each)

Particulars	Issued, subscribed and paid-up	
	Number	Amount
As at 1 April 2022	1,51,29,76,244	151.31
Issued during the year	-	-
As at 31 March 2023	1,51,29,76,244	151.31
Issued during the year	-	-
As at 31 March 2024	1,51,29,76,244	151.31

b) Other equity

Particulars	Reserves and surplus								Other comprehensive income		Non-controlling interest	Total equity attributable to equity holders
								Other Reserves				
	Capital reserve	Forfeited debentures account	Securities premium	Share option outstanding reserve	Debenture redemption reserve	General reserve	Retained earnings	Foreign currency monetary translation reserve	Equity instruments at fair value through other comprehensive income	Translation loss relating to foreign operation (net)		
As at 1 April 2022	39.70	0.02	2,650.87	-	54.99	180.24	(3,772.42)	1.64	(11.54)	46.06	0.00 *	(810.45)
Loss for the year	-	-	-	-	-	-	(27.84)	-	-	-	-	(27.84)
Other comprehensive gain/ (loss) for the year	-	-	-	-	-	-	(20.23)	-	0.53	(6.06)	-	(25.76)
Restatement of foreign currency monetary translation items	-	-	-	-	-	-	-	1.51	-	-	-	1.51
Share based payment expense	-	-	-	0.00 *	-	-	-	-	-	-	-	0.00 *
Amortization of foreign currency monetary translation items	-	-	-	-	-	-	-	(3.15)	-	-	-	(3.15)
As at 31 March 2023	39.70	0.02	2,650.87	0.00 *	54.99	180.24	(3,820.50)	-	(11.01)	40.00	0.00 *	(865.69)
Profit for the year	-	-	-	-	-	-	478.16	-	-	-		478.16
Other comprehensive gain/ (loss) for the year	-	-	-	-	-	-	49.92	-	19.46	(1.84)	-	67.54
Share based payment expense	-	-	-	0.20	-	-	-	-	-	-	-	0.20
As at 31 March 2024	39.70	0.02	2,650.87	0.20	54.99	180.24	(3,292.43)	-	8.45	38.16	0.00 *	(319.79)

* Represents amount less than ₹ 1 lakh

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

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS MUMBAI

Hindustan Construction Company Limited
Consolidated Statement of Change in Equity for the year ended 31 March 2024

This is the consolidated statement of Changes in Equity referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No.: 101797

Place: Mumbai
Date: 24 May 2024

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Arjun Dhawan
Executive Vice Chairman
DIN : 01778379

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Mahendra Singh Mehta
Director
DIN : 00019566

Girish Gangal
Chief financial officer

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 24 May 2024

Hindustan Construction Company Limited
Summary of material accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2024

Note 1 Corporate information

Hindustan Construction Company Limited (the "Holding Company", "Parent" or "HCC") is a public limited company incorporated and domiciled in India. The Company having CIN L45200MH1926PLC001228, is principally engaged in the business of providing engineering and construction services. Its shares are listed on two recognised stock exchanges in India - the Bombay Stock Exchange and the National Stock Exchange. The registered office of the Company is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India.

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and joint arrangements. The Group is principally engaged in the business of providing engineering and construction services. These consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2024 were authorised for issue in accordance with resolution of the Board of Directors on 24 May 2024.

Note 2 Significant accounting policies

i) Basis of preparation

The financial statements of the Group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities and share based payments which have been measured at fair value, on an accrual basis of accounting.

The Group's financial statements are reported in Indian Rupees, which is also the Group's functional currency, and all values are presented in ₹ crore (INR 0,000,000), except when otherwise indicated. Amount presented as "0.00* " are non zero numbers rounded off in crore.

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to Act. The statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with other notes required to be disclosed under the notified Ind AS and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

ii) Operating cycle for current and non-current classification

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Group as per the guidance set out in Schedule III to the Act. Operating cycle is the time between the acquisition of resources / assets for processing their realisation in cash and cash equivalents. Operating cycle for the business activities of the Group covers the duration of the project / contract / service incl iability period, wherever

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applicable, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

iii) Principles of consolidation

The financial statements have been prepared on the following basis:

a) Subsidiaries

- The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.
- The consolidated financial statements of the Group combine financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses, and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.
  Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests and have been shown separately in the financial statements.
- Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.
- The gains/ losses in respect of part divestment/ dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Company.
- The gains/ losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset.

b) Investments in joint venture and associates

When the Group has with other parties' joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises su [illegible] ociates. Significant [illegible] ver to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint venture and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever applicable. An investment in associate or joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture or associate. Gain or loss in respect of changes in other equity of joint ventures or associates resulting in dilution of stake in the joint ventures and associates is recognised in the Statement of Profit and Loss. On acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. The excess of fair value of assets and liabilities over the investment is recognised directly in equity as capital reserve. The unrealised profits/ losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

c) Interests in joint operations

In accordance with Ind AS 111 - Joint Arrangements, when the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Parent Company and its subsidiaries are combined for consolidation.

d) Business combination / Goodwill on consolidation

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

The excess of the:
- Consideration transferred;
- Amount of any non-controlling interest in the acquired business, and
- Acquisition-date fair value of any previous equity interest in the acquired business

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

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Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

e) Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements.

iv) Accounting estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

v) Key accounting estimates and assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

a) Going concern

The Group in earlier years has incurred significant losses resulting in full erosion of net worth. Further, the Holding Company was also in default on payment to its lenders and also had overdue payments to operational creditors of which certain creditors also applied before National Company Law Tribunal ('NCLT') for debt resolution under Insolvency and Bankruptcy Code, 2016, none of which were admitted. During the current year, the Holding Company has successfully novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Group, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore in favor of PRPL. Consequently, the Holding Company is not in default in repayment of dues to its lenders as at 31 March 2024.

Based on the above and considering the future business plans, including time-bound monetization of assets, the management has prepared the future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern.

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b) Contract estimates

Refer note 2(xxiii) below

c) Variable consideration (claims)

The Group has claims in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc., which are at various stages of negotiation/ discussion/ arbitration/ litigation with the clients. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and/or external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims.

d) Deferred tax assets

The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the applicable tax rates, scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment, which involves significant judgements and estimates. Based on the projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

e) Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

f) Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease required significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group revises the lease term if there is a change in non-cancellable period of a lease.

g) Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

vi) Fair value measurement

The Group measu ents, at fair value a date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, In the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

vii) Property, plant and equipment (Tangible assets)

Property, plant and equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to Property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from th ancial statements, either on disposal or when retired from active use and the resultant gain ed in the Statem s.

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When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

viii) Capital work-in-progress

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

ix) Investment property

Investment properties are held to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Though the Group measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined on an annual evaluation based on the reckoner value with the main inputs being comparable transactions and industry data.

Depreciation on investment properties (building) is provided on the straight-line method, computed on the basis of useful lives as prescribed in Schedule II to the Act i.e. 60 years. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year and the effect of any change in the estimates of useful lives/residual value is accounted on prospective basis.

x) Intangible assets

Intangible assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets mainly comprise of toll roads and computer software. Computer software represents license fees and implementation cost for software and other application software acquired / developed for in-house use.

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as Consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is a[illegible] ublic for the u[illegible] ure to the end of the concession period.

xi) Non-current assets or disposal group held for sale

Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

xii) Depreciation and amortisation

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight-line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives. The useful lives are as per Schedule II to the Act except in case of certain assets, where the useful life is based on technical evaluation by management.

Asset category	Useful life (in years)
Building and sheds	3 to 60
Leasehold improvements	As per the period of lease or estimated useful life determined by management's expert, whichever is lower.
Plant and equipment	2 to 14
Furniture fixtures and office equipment	5 to 10
Vehicles	3 to 12
Speed boat	13
Computers	3
Intangible assets	3 to 5

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation on additions is provided on a pro-rata basis, from the date on which asset is ready to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income or Other expenses.

xiii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

i) Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are

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recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories::

- **Financial assets at amortised cost**

  Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the Effective Interest Rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

- **Financial assets measured at fair value through Other Comprehensive Income**

  Financial assets are measured at Fair Value through Other Comprehensive Income ('FVOCI') if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

  In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Group has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Group on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.

- **Financial assets measured at fair value through profit or loss (FVTPL)**

  Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

iii) Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("ECL") model for measurement and recognition of impairment lo... on financial assets and credit risk exposures. ECL is the difference between all cont...al cash flows that are due to the Group in accord... ...act and all th... entity expects to receive (i.e. aft... discounted a... ...time ECL are the

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expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

iv) De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

b) Equity instruments and financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

ii) Financial liabilities

- **Subsequent measurement**

  The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at FVPL**

  Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

- **Financial liabilities at amortised cost**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss..

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

  Where the Group issues optionally convertible debentures, the fair value of the liability portion of such debentures is determined using a market interest rate for an equivalent non-convertible debenture. This value is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the debentures. The remainder of the proceeds is attributable to the equity portion of the instrument. This is recognised and included in shareholders' equity (net of income tax) and are not subsequently re-measured.

  Where the terms of a financial liability is re-negotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

- **Financial guarantee contracts**

  Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

- **De-recognition of financial liabilities**

  Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

iii) Offsetting financial instruments

Financial assets ... ties are of ... nount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

xiv) Employee benefits

a) Defined contribution plan

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund and superannuation scheme are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund contribution, in respect of certain employees of the Company and its Indian subsidiaries is made to a government administered fund, and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further obligations beyond the monthly contributions.

b) Defined benefit plan

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. Accordingly, the contribution paid or payable and the interest shortfall, if any, is recognised as an expense in the period in which services are rendered by the employee.

The Group also provides for gratuity which is a defined benefit plan the liabilities of which are determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Group's obligation into current and non-current is as per the actuarial valuation report.

In case of foreign subsidiaries, the post-employment benefit plan, in the form of a pension, qualify as defined benefit plans. For the purposes of determining the defined benefit obligation at the reporting date, the total defined benefit obligations, made by an independent actuary using the projected unit credit method, are compared to the fair value of the plan assets and resultant surplus or shortfall is recognised as an asset or liability, respectively. Re-measurement, comprising of actuarial gains and losses, in respect of this pension plan are recognised in the OCI, in the period in which they occur.

c) Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

d) Short-term benefits

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted am... in the Statement of Profit and Loss of the period in w... rvice is re... on non-accumulating compensated ab... is recog... in the peri... w... e... ences occur.

xv) Contract assets

Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in-progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

xvi) Contract liabilities

Certification in excess of contract revenue is classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

xvii) Inventories

a) Construction materials, stores, spares and fuel

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Revenue from sale of scrap material is presented as reduction from cost of materials consumed in the Statement of Profit and Loss.

b) Land and development rights

Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of construction costs and net selling price.

c) Project work in progress

Land and construction / development expenses are accumulated under "Project work-in-progress" and the same are valued at lower of cost or net realizable value.

Cost of land purchased / acquired by the Group includes purchase / acquisition price plus stamp duty and registration charges.

Construction / development expenditure includes cost of development rights, all direct and indirect expenditure incurred on development of land/ construction, attributable interest and financial charges and overheads relating to site management and administration less incidental revenues arising from site operations.

xviii) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

xix) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Group as one segment of "Engineering and Construction". Thus, as defined in Ind AS 108 "Operating Segments", the Group's entire business falls under this one operational segment and ... sary information has already been disclosed ... t and the Sta ... Loss.

xx) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

xxi) Foreign exchange translation of foreign projects and accounting of foreign exchange transaction

a) Initial recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Group uses a monthly average rate if the average rate approximate is the actual rate at the date of the transactions.

b) Conversion

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) Treatment of exchange difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Translation Account" and amortised over the remaining life of the concerned monetary item.

xxii) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented with other income.

xxiii) Revenue recognition

a) Revenue from construction contracts

The Group evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met:

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- As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity's performance.
- The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party and is adjusted for variable considerations.

Advance payments received from contractee for which no services are rendered are presented as 'Advance from contractee'.

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgment. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Group presents revenues net of indirect taxes in its Statement of Profit and Loss.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred.

b) Software development and servicing revenue

Revenue from software development on fixed price, fixed time frame contracts, including system development and integration contracts, where there is no uncertainty as to measurement or collectability is recognized as per percentage of completion method. Revenue from last billing date to the Balance Sheet date is recognized as unbilled revenue. Stage of completion is measured by reference to the proportion that service cost incurred for wo[illegible]rformed to date bears to the estimated total service cost. Service cost incurred to dat[illegible] relate to futu[illegible] contract. Such costs are recognized a[illegible]lassified as u[illegible]lue from customers.

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Servicing revenue is recognized over the term of servicing contract. For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

Time and material contracts is recognized as and when the related services are provided.

Annual maintenance service contracts are recognized proportionately over the period in which services are rendered.

Revenue from sale of user licenses for software applications is recognized on transfer of the title/product, in accordance with the sales contract. Revenue from product sales are shown as net of all applicable taxes and discounts.

c) Interest on arbitration awards

Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Group has received or expects to receive on favourable arbitration awards.

d) Fair valuation gain on subsequent measurement of financial assets

The Group recognizes the changes in the fair value of the financial assets held through profit and loss account in the statement of profit and loss. At each reporting date the entity carries out fair value assessment of the financial assets in accordance with the principles laid down in Ind AS 113 – Fair Value Measurement through a registered valuer and on the basis of the fair valuation report recognizes the accretion to the carrying value of the Financial Assets held through profit and loss account in its other operating income.

xxiv) Other income

a) Interest income

Interest income (other than interest on income tax refund) is accrued on a time proportion basis, by reference to the principal outstanding and the applicable Effective Interest Rate (EIR).

b) Dividend income

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

c) Other income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

d) Rental income

Rent is recognised on time proportionate basis.

e) Finance and other income

Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

xxv) Income tax

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of

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Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

a) **Current tax**

Current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Group as at 31 March 2024 continues to follow the Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b) **Deferred tax**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

• When the Group is able to control the timing of the reversal of the temporary difference; and
• It is probable that the temporary difference will not reverse in the foreseeable future

xxvi) Leases

The Group's lease asset classes primarily consist of leases for vehicles, building and shed. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

At the date of the commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term lease[illegible] nd low value lea[illegible] ort-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets have been separately presented in the Balance Sheet and the Lease liability is presented under Other financial liabilities. Further, lease payments have been classified as financing cash flows.

xxvii)Impairment of non-financial assets

As at each Balance Sheet date, the Group assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Group determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and

- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xxviii) Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the EIR method, less provision for impairment. Trade receivables ageing has been presented based on the due date of payment.

xxix) Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method. Trade payables ageing has been presented based on the due date of payment.

xxx) Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the parent by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the parent and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xxxi) Provisions, contingent liabilities, contingent assets and commitments

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of c[illegible] to be executed [illegible] and not provided for.

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xxxii)Provision for warranty

In case of real estate projects of a subsidiary, the estimated liability for warranty is recorded on the building and its components during the construction period. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions during the construction period under warranty phase.

xxxiii) Treasury shares

Treasury shares represents own equity instruments reacquired by the Holding Company or other members of the Consolidated Group, which are deducted from the equity of the acquiring entity. Treasury shares held is disclosed separately in the financial statements.

xxxiv) Share issue expenses

Share issue expenses are charged off against available balance in the Securities premium.

xxxv)Share based payments

Share based compensated benefits are provided to certain grades of employees in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the instrument given to employees is recognised as 'employee benefits expenses' with a corresponding increase in equity over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

xxxvi) Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

xxxvii) Dividend

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

Note 2.2 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March, 2024, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group d[illegible] significant impact of the amendment on its financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption or this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 - Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

Hindustan Construction Company Limited
Summary of material accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2024
(Amount in ₹ crore, unless otherwise stated)

Note 3A Property, plant and equipment

Particulars	Freehold land	Building and sheds	Leasehold improvements	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Speed boat	Computers	Total
Gross carrying value									
As at 1 April 2022	38.29	108.18	3.78	800.68	88.23	57.49	1.05	7.87	1,105.57
Additions	-	-	-	13.39	0.38	0.37	-	0.16	14.30
Disposals	-	-	-	(12.68)	-	(4.53)	-	-	(17.21)
Transferred to assets held for sale	(2.19)	-	-	-	-	-	-	-	(2.19)
As at 31 March 2023	**36.10**	**108.18**	**3.78**	**801.39**	**88.61**	**53.33**	**1.05**	**8.03**	**1,100.47**
Additions	-	-	-	7.01	1.90	2.97	-	0.60	12.48
Impact of deconsolidaton	-	-	-	(0.28)	-	-	-	-	(0.28)
Disposals	-	(9.61)	-	(44.16)	(0.04)	(8.34)	-	(0.04)	(62.19)
As at 31 March 2024	**36.10**	**98.57**	**3.78**	**763.96**	**90.47**	**47.96**	**1.05**	**8.59**	**1,050.48**
Accumulated depreciation									
As at 1 April 2022	-	88.08	2.64	481.96	62.86	27.07	0.77	5.96	669.34
Depreciation charge	-	0.97	0.31	72.56	5.99	2.97	0.11	0.83	83.74
Accumulated depreciation on disposals	-	-	-	(7.26)	-	(3.36)	-	-	(10.62)
Adjustments [Refer sub note (iii)]	-	-	-	-	(0.08)	-	-	-	(0.08)
As at 31 March 2023	-	**89.05**	**2.95**	**547.26**	**68.77**	**26.68**	**0.88**	**6.79**	**742.38**
Depreciation charge	-	0.79	0.31	63.44	5.25	3.01	0.09	0.61	73.50
Accumulated depreciation on disposals	-	(4.71)	-	(37.76)	-	(7.04)	-	(0.03)	(49.54)
Impact of deconsolidaton	-	-	-	(0.28)	-	-	-	-	(0.28)
Adjustments [Refer sub note (iii)]		-	-	-	0.35	-	-	-	0.35
As at 31 March 2024	-	**85.13**	**3.26**	**572.66**	**74.37**	**22.65**	**0.97**	**7.37**	**766.41**
Net carrying value									
As at 31 March 2023	36.10	19.13	0.83	254.13	19.84	26.65	0.17	1.24	358.09
As at 31 March 2024	**36.10**	**13.44**	**0.52**	**191.30**	**16.10**	**25.31**	**0.08**	**1.22**	**284.07**

Notes:

(i) Refer note 20 for information of property, plant and equipment pledged as security against borrowings of the Group.

(ii) Refer note 35(B)(i) for disclosure of contractual commitments for acquisition of Property, plant and equipment.

(iii) Adjustments represents exchange gain/ loss arising on long-term foreign currency monetary items.

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(Amount in ₹ crore, unless otherwise stated)

Note 3B Right-of-use assets

Particulars	Buildings	Vehicles	Total
Gross carrying value			
As at 1 April 2022	307.93	0.94	308.87
Additions	-	-	-
Disposals	(0.87)	-	(0.87)
As at 31 March 2023	307.06	0.94	308.00
Additions	-	-	-
Disposals	(69.93)	-	(69.93)
As at 31 March 2024	237.13	0.94	238.07
Accumulated depreciation			
As at 1 April 2022	90.32	0.94	91.26
Depreciation charge	30.82	-	30.82
Accumulated depreciation on disposals	(0.88)	-	(0.88)
As at 31 March 2023	120.26	0.94	121.20
Depreciation charge	23.28	-	23.28
Accumulated depreciation on disposals	(0.03)	-	(0.03)
As at 31 March 2024	143.51	0.94	144.45
Net carrying value			
As at 31 March 2023	186.80	-	186.80
As at 31 March 2024	93.62	-	93.62

Note:

Also refer note 39 for the disclosure required as per Ind AS 116 - Leases.

Note 3C Capital work-in-progress ('CWIP')

Particulars	Amount
As at 1 April 2022	0.68
Additions	1.18
Transferred to property, plant and equipment	(1.06)
Written off during the period	(0.68)
As at 31 March 2023	0.12
Additions	2.56
Transferred to property, plant and equipment	(1.82)
Written off during the period	(0.02)
As at 31 March 2024	0.84

CWIP ageing schedule

Particulars	As at 31 March 2024		As at 31 March 2023	
	Projects in progress	Projects temporarily suspended	Projects in progress	Projects temporarily suspended
Less than 1 year	0.72	-	0.12	-
1-2 years	0.12	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	-
Total	0.84	-	0.12	-

Note:

There are no projects which has exceeded its cost compared to its original plan.

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Note 4 Investment properties

Particulars	Land	Building	Total
Gross carrying value			
As at 1 April 2022	**2.24**	**2.36**	**4.60**
Additions	-	-	-
Adjustment [Refer sub note (iii)]	0.07	-	0.07
Disposals	0.01	-	0.01
As at 31 March 2023	**2.32**	**2.36**	**4.68**
Additions	0.57	-	0.57
Adjustment [Refer sub note (iii)]	0.06	-	0.06
Disposals	-	-	-
As at 31 March 2024	**2.95**	**2.36**	**5.31**
Accumulated depreciation			
As at 1 April 2022	-	**1.81**	**1.81**
Depreciation charge	-	0.03	0.03
As at 31 March 2023	-	**1.84**	**1.84**
Depreciation charge	-	0.02	0.02
As at 31 March 2024	-	**1.86**	**1.86**
Net carrying value			
As at 31 March 2023	2.32	0.52	2.84
As at 31 March 2024	**2.95**	**0.50**	**3.45**

Information regarding income and expenditure of Investment properties

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Rental income derived from investment property	**0.54**	0.50
Direct operating expenses (including repairs and maintenance) generating rental income	**(0.08)**	(0.08)
Gain arising from investment properties before depreciation and indirect expenses	**0.46**	0.42
Less : Depreciation	**(0.03)**	(0.03)
Gain arising from investment properties before indirect expenses	**0.43**	0.39

Notes:

(i) The fair value of the investment properties held by the Group as at the Balance Sheet date is ₹ 12.95 crore (31 March 2023: ₹ 15.04 crore).

(ii) The Group has assessed the fair value its Investment properties, however the valuation is not done by the registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

(iii) Adjustments represents impact of foreign exchange fluctuation arising on long-term foreign currency monetary items.

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Note 5 Other intangible assets and goodwill

Particulars	Computer softwares	Goodwill
Gross carrying value		
As at 1 April 2022	101.36	3.38
Additions	22.96	-
Disposals	-	-
As at 31 March 2023	124.32	3.38
Additions	-	-
Impact of deconsolidaton	(10.31)	-
Disposals	-	-
As at 31 March 2024	114.01	3.38
Accumulated amortisation		
As at 1 April 2022	38.82	-
Amortisation charge	13.05	-
Amortisation charge related to discontinued operation	0.91	-
Adjustments	(0.56)	-
As at 31 March 2023	52.22	-
Amortisation charge	8.30	-
Impact of deconsolidaton	(10.31)	-
Adjustments	(0.29)	-
As at 31 March 2024	49.92	-
Net carrying value		
As at 31 March 2023	72.10	3.38
As at 31 March 2024	64.09	3.38

Note 5.1 Impairment testing for goodwill

Goodwill is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount is determined based on the fair value of the underlying net assets of the entity. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used. Based on the above, no impairment provision is considered necessary as the recoverable value exceeded the carrying value.

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	As at 31 March 2024	As at 31 March 2023
Note 6 Investments in joint ventures and associates		
Investments at cost		
i) in joint venture in India	142.83	-
ii) in associates in India	23.75	20.49
iii) in associates outside India	40.24	39.17
Total investments in joint venture and associates	206.82	59.66
Detailed list of investments in joint ventures and associates		
Investments at cost, unquoted and fully paid up		
i) In joint ventures in India		
Prolific Resolution Private Limited		
Equity Shares 50,000 (31 March 2023: Nil) of ₹ 10 each	142.83	-
ii) In associates in India		
Highbar Technocrat Limited	23.75	20.49
99,940 (31 March 2023: 99,440) equity shares of ₹ 10 each		
iii) In associates outside India		
Evostate AG	13.53	10.57
300 (31 March 2023: 300) equity shares of CHF 1,000 each		
Hegias AG	24.69	27.19
7,082,160 (31 March 2023: 7,082,160) shares of CHF 0.01 each		
MCR Managing Corp	2.02	1.41
30 (31 March 2023: 30) equity shares of CHF 1,000 each		
	40.24	39.17
	206.82	59.66

Note 6.1 The Group's share of profit/ (loss) of joint ventures and associates are as follows:

	As at 31 March 2024	As at 31 March 2023
From Joint venture		
Prolific Resolution Private Limited	37.06	-
From associates		
Highbar Technocrat Limited	25.75	21.49
Evostate AG	(5.19)	(8.89)
Hegias AG	(7.24)	(3.04)
MCR Managing Corp	4.21	3.64
	54.59	13.20

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	As at 31 March 2024	As at 31 March 2023
Note 6A Other investments		
Other investments in equity shares at fair value through Other Comprehensive Income		
In India	37.91	18.47
Outside India	0.65	0.64
Total other investments	38.56	19.11
Detailed list of other investments		
Other investments in equity shares at fair value through Other Comprehensive Income		
In India		
Khandwala Securities Limited	0.01	0.01
3,332 (31 March 2023: 3,332) equity shares of ₹ 10 each, fully paid - quoted		
Housing Development Finance Corporation Limited	-	4.00
Nil (31 March 2023: 15,220) equity shares of ₹ 1 each, fully paid - quoted		
HDFC Bank Limited	4.52	0.81
30,569 (31 March 2023: 5,000) equity shares of ₹ 1 each, fully paid - quoted		
Shushrusha Citizens Co-Op. Hospitals Limited	0.00 *	0.00 *
100 (31 March 2023 : 100) equity shares of ₹ 100 each, fully paid - unquoted		
Hincon Finance Limited	33.38	13.65
120,000 (31 March 2023 : 120,000) equity shares of ₹ 10 each, fully paid - unquoted		
	37.91	18.47
Outside India		
Opernhaus Zürich AG	0.05	0.05
10 (31 March 2023 : 10) equity shares of CHF 900 each, fully paid - unquoted		
Genossenschaft Theater für den Kt. Zürich	0.00 *	0.00 *
1 (31 March 2023 : 1) equity shares of CHF 300 each, fully paid - unquoted		
Betriebsges. Kongresshaus Zürich AG	0.03	0.03
30 (31 March 2023 : 30) equity shares of CHF 100 each, fully paid - unquoted		
MTZ Medizinishces Therapiezentrum	0.45	0.44
50 (31 March 2023 : 50) equity shares of CHF 1,000 each, fully paid - unquoted		
Namenaktien Messe Zürich	0.04	0.04
10 (31 March 2023 : 10) equity shares of CHF 50 each, fully paid - unquoted		
MCH Group AG	0.08	0.08
2,100 (31 March 2023 : 2,100) equity shares of CHF 10 each, fully paid - quoted		
	0.65	0.64
Total non-current investments (6 + 6A)	245.38	78.77

* Represents amount less than ₹ 1 lakh

Details:

Aggregate value of non-current investments is as follows:

(i) Aggregate value of unquoted investments	240.77	77.87
(ii) Aggregate value of quoted investments and market value thereof	4.61	0.90
(iii) Aggregate value of impairment of investments	-	-
	245.38	78.77
(i) Investments carried at cost	206.82	59.66
(ii) Investments carried at fair value through profit and loss account	-	-
(iii) Investments carried at fair value through other comprehensive income	38.56	19.11
	245.38	78.77

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Note 7 Trade receivables

	As at 31 March 2024	As at 31 March 2023
Non-current		
Trade receivables (Refer note 7.1 and 7.3)	703.15	670.12
Total non-current trade receivables	703.15	670.12
Current		
Trade receivables (Refer notes 7.2 and 36)	2,204.17	2,698.14
[Including retention ₹ 807.58 crore (31 March 2023: ₹ 791.48 crore)]		
Total current trade receivables	2,204.17	2,698.14
Total trade receivables	2,907.32	3,368.26
Break-up of security details		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	2,907.32	3,368.26
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	52.10	33.31
Total	2,959.42	3,401.57
Loss allowance	(52.10)	(33.31)
Total trade receivables	2,907.32	3,368.26

Note 7.1 Presented net off advance received against favourable arbitration awards ₹ 3,575.48 crore (31 March 2023: ₹ 3,378.69 crore)

Note 7.2 Non-current trade receivables and current trade receivables as at 31 March 2024 includes ₹ 654.99 crore (31 March 2023: ₹ 621.96 crore) and ₹ 596.53 crore (31 March 2023: ₹ 452.13 crore) respectively, representing claims awarded in arbitration in favour of the Holding Company which have been further challenged by the customers in courts.

Note 7.3 There are no trade receivables due from any director or any officer of the Group, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

Note 7.4 Trade receivables (other than receivables on account of claims awarded in arbitration in favour of the Company) are non-interest bearing and are generally on terms of 30 to 90 days except retention deposits which are due after completion of the defect liability period of the respective projects.

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Note 7.5 Trade receivables ageing shedule

As at 31 March 2024	Not due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	513.74	240.40	79.19	140.75	128.92	552.80	1,655.80
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	17.14	7.79	3.04	4.78	4.30	15.05	52.10
(iv) Disputed trade receivables - considered good (Non- current)	-	132.38	17.89	152.09	61.98	290.65	654.99
(v) Disputed trade receivables - considered good (Current)	-	13.67	16.90	143.74	384.99	37.23	596.53
(vi) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	530.88	394.24	117.02	441.36	580.19	895.73	2,959.42
Less: Allowance for expected credit loss							(52.10)
Total Trade receivables							2,907.32

Note: Refer note 16 for details of unbilled dues i.e. contract assets.

As at 31 March 2023	Not due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	436.27	446.25	107.42	255.10	462.14	277.83	1,985.01
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	6.88	3.33	4.91	11.88	6.31	33.31
(iv) Disputed trade receivables - considered good (Non- current)	-	35.27	110.22	139.08	216.93	120.63	622.13
(v) Disputed trade receivables - considered good (Current)	-	309.21	1.98	367.18	46.39	36.36	761.12
(vi) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	436.27	797.61	222.95	766.27	737.34	441.13	3,401.57
Less: Allowance for expected credit loss							(33.31)
Total Trade receivables							3,368.26

Note:

Refer note 16 for details of unbilled dues i.e. contract assets.

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	As at 31 March 2024	As at 31 March 2023
Note 8 Loans		
Loans given	36.78	42.26
Less: loss allowance	-	(15.64)
Total non-current loans	36.78	26.62
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	36.78	26.62
Loans - credit impaired	-	15.64
	36.78	42.27
Loss allowance	-	(15.64)
Total loans	36.78	26.62

Note 9 Other financial assets

	As at 31 March 2024	As at 31 March 2023
Non-current		
Awards and claims (carried at fair value through profit and loss account)	-	3,127.97
Security and other deposits	10.00	5.28
Interest receivable on loans to others	-	0.85
Bank deposits with balance maturity of more than 12 months	0.05	-
Total non-current financial assets	10.05	3,134.10

	As at 31 March 2024	As at 31 March 2023
Current		
Security deposits	16.80	27.05
Interest accrued on deposits/ advances	9.91	5.65
Other receivables	33.05	63.84
Total	59.76	96.54
Less: Loss allowance	-	(1.45)
Total current financial assets	59.76	95.09
Total other financial assets	69.81	3,229.19

(Amount in ₹ crore, unless otherwise stated)

Note 10 Non-current tax assets (net)

	As at 31 March 2024	As at 31 March 2023
I. The following table provides the details of income tax assets and liabilities:		
a) Income tax assets	312.66	323.64
b) Income tax liabilities	269.39	215.15
Net income tax assets (net)	43.27	108.49
Income tax assets in certain entities	43.48	117.46
Current tax liabilities in case of certain entities	0.21	8.97
Net income tax assets	43.27	108.49
II. The gross movement in the income tax assets/ liabilities is as follows:		
Net income tax asset at the beginning	108.49	120.30
Income tax (refund)/ paid (net)	38.90	(3.51)
Impact of deconsolidation	(14.27)	-
Current income tax expense	(89.64)	(8.30)
Net income tax assets at the end	43.27	108.49

	Year ended 31 March 2024	Year ended 31 March 2023
III. Income tax expense comprises:		
Current tax expense	89.64	8.47
Deferred tax charge/ (credit)	158.57	(70.79)
Income tax charge/ (credit) [net] in the Statement of Profit and Loss	248.21	(62.32)
IV. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit/ (loss) before income taxes is as below:		
Profit / (loss) before income tax (including discontinuing operations)	726.37	(90.16)
Applicable tax rate in India	34.944%	34.944%
Computed expected tax charge/ (credit)	253.82	(31.51)
Effect of difference in tax rates of overseas subsidiaries	(46.28)	62.41
Effect of expenses not allowed for tax purpose	16.51	119.16
Effect of income not considered for tax purpose	(9.41)	(128.90)
Impact of losses where deferred tax not recognised in certain entities	(9.17)	(88.97)
Earlier year tax adjustments	-	1.32
Effect of income charged at different rate	(12.08)	-
Expiry of brought forward losses and MAT Credit written off	67.07	-
Utilization of unrecognized loss carry forwards from prior years	(12.87)	-
Others	0.62	4.16
Income tax charge / (credit) [net] in the Statement of Profit and Loss	248.21	(62.32)

	As at 31 March 2024	As at 31 March 2023
v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:		
(A) Deferred tax assets (Refer note 10.1)		
(a) Business loss / unabsorbed depreciation/ MAT credit entitlements	1,978.76	2,139.99
(b) Impairment allowance on receivables	16.21	9.69
(c) Timing difference on tangible and intangible assets' depreciation and amortisation	41.26	35.19
(d) Expense allowable on payment basis	235.98	167.13
	2,272.21	2,352.00
(B) Deferred tax liabilities		
(a) Arbitration awards not offered to tax	(1,648.78)	(1,569.98)
Deferred tax assets (net) (A) - (B)	623.43	782.02
Deferred tax assets in case of certain entities	623.43	782.02
Deferred tax liabilities in case of certain entities	-	-
Net deferred tax assets	623.43	782.02

* Represents amount less than ₹ 1 lakh

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vi. Movement in components of deferred tax assets and deferred tax liabilities are as follows:

	Business loss / unabsorbed depreciation / MAT credit entitlements	Impairment allowance on receivables	Timing difference on tangible and intangible assets' depreciation and amortisation	Arbitration awards not offered for tax	Expense allowable on payment basis and others	Other	Total
At at 1 April 2022	**1,708.21**	**0.65**	**36.13**	**(1,167.56)**	**165.39**	**(31.59)**	**711.23**
(Charged)/ credited							
- to profit or loss	431.78	9.04	(0.92)	(402.42)	1.73	31.59	70.79
- to other comprehensive income	-	-	-	-	-	-	-
As at 31 March 2023	**2,139.99**	**9.69**	**35.19**	**(1,569.98)**	**167.13**	**-**	**782.02**
(Charged)/ credited							
- to profit or loss	(161.23)	6.52	6.09	(78.80)	68.85	-	(158.57)
- to other comprehensive income	-	-	-	-	-	-	-
As at 31 March 2024	**1,978.76**	**16.21**	**41.26**	**(1,648.78)**	**235.98**	**-**	**623.43**

Note 10.1: As at 31 March 2024, the Holding Company has recognised net deferred tax assets amounting to ₹ 613.09 crore (31 March 2023: ₹ 741.93 crore), which mainly represents deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company during the current year, is liable to pay tax as per Section 115JB of the Income Tax Act. Further, during the current year, certain brought forward losses of Holding Company has expired which has resulted in reversal of corresponding deferred tax assets amounting to ₹ 88.49 crore being reversed.
However, the Holding Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised and consequently these are considered good and fully recoverable.

Note 10.2: Deferred tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments.

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	As at 31 March 2024	As at 31 March 2023
Note 11 Other assets		
Non-current		
Capital advances	62.50	63.28
Balances with government authorities	55.57	52.37
Prepaid expenses	0.75	1.66
Others	-	0.25
Total other non-current assets	118.82	117.56
Current		
Advance to suppliers and subcontractors	61.04	84.20
Balances with government authorities	121.98	159.76
Prepaid expenses	11.12	8.85
Others	6.90	10.15
Total other current assets	201.04	262.96
Total other assets	319.86	380.52
Note 12 Inventories		
Land and development rights	309.57	319.73
Construction raw material, stores and spares	123.42	166.18
Fuel and others	3.32	4.61
Total inventories	436.31	490.52
Note 13 Current Investments		
Investments in others carried at fair value through profit and loss		
Investment in mutual funds	0.15	0.70
Total current investments	0.15	0.70
Detailed list current investments		
Investments in mutual funds		
Essel Liquid Fund Growth plan Nil (31 March 2023: 72.422 units)	-	0.02
Canara Rebeco Mutual Fund Nil (31 March 2023: 1976.26 units)	-	0.53
ICICI Money Market Fund 798.602 units (31 March 2023: 748.574 units)	0.01	0.01
SBI Premier Liquid Fund 1,276.729 units (31 March 2023: 1,205.366 units)	0.14	0.14
	0.15	0.70
Details:		
Aggregate value of current investments is as follows:		
(i) Aggregate value of unquoted investments	-	-
(ii) Aggregate value of quoted investments and market value thereof	0.15	0.70
(iii) Aggregate value of impairment in the value of investments	-	-
	0.15	0.70
(i) Investments carried at cost	-	-
(ii) Investments carried at amortised cost	-	-
(iii) Investments carried at fair value through profit and loss	0.15	0.70
	0.15	0.70

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	As at 31 March 2024	As at 31 March 2023
Note 14 Cash and cash equivalents		
Balances with banks		
- In current accounts	**284.25**	565.39
- in deposit account (with original maturity upto 3 months)	**88.97**	15.92
Cheque on hand	**25.04**	-
Cash on hand	**0.47**	0.60
Total cash and cash equivalents	**398.73**	581.91

Note 14.1 There are no repatriation restrictions with regards to cash and cash equivalents as at the end of respective reporting periods.

Note 15 Bank balances other than cash and cash equivalents		
Bank deposits with maturity of more than 3 months and less than 12 months	**114.39**	571.63
Total bank balances other than cash and cash equivalents	**114.39**	571.63

Note 15.1: Includes ₹ 10.98 crore (31 March 2023: ₹ 16.76 crore) held as margin money against arbitration awards.

Note 15.2: There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2024

	As at 31 March 2024	As at 31 March 2023
Note 16 Unbilled work-in-progress (contract assets)		
Unbilled work-in-progress (contract assets)	**3,414.29**	2,924.98
Total Unbilled work-in-progress (contract assets)	**3,414.29**	2,924.98

Note 16.1: Presented net of advance received against work bill ₹ 150.53 crore (31 March 2023: ₹ 174.33 crore)

Note 17 Assets held for sale		
Freehold Land (refer note 33.3)	**-**	2.19
Total assets held for sale	**-**	**2.19**

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Note 18 Equity share capital

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 1 each	2,00,00,00,000	200.00	2,00,00,00,000	200.00
Total authorised share capital	2,00,00,00,000	200.00	2,00,00,00,000	200.00
Issued, subscribed and paid-up equity share capital:				
Equity shares of ₹ 1 each, fully paid up ^	1,51,29,76,244	151.31	1,51,29,76,244	151.31
Total issued, subscribed and paid-up equity share capital	1,51,29,76,244	151.31	1,51,29,76,244	151.31

^ excludes 13,225 equity shares forfieted by the Company

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	Amount
As at 1 April 2022	1,51,29,76,244	151.31
Issued during the year	-	-
As at 31 March 2023	1,51,29,76,244	151.31
Issued during the year	-	-
As at 31 March 2024	1,51,29,76,244	151.31

b. Terms / rights attached to equity shares:

The Holding Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shareholding of more than 5%:

Name of the shareholder	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% held	No. of shares	% held
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%
Asia Opportunities IV (Mauritius) Limited	-	-	11,54,62,961	7.63%

As per the records of the holding company, including its register of shareholders / members the above shareholding represents both legal and beneficial ownership of shares.

d. Bonus shares / buy back shares for consideration other than cash issued during past five years:

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil

(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

(iii) Aggregate number and class of shares bought back - Nil

f. Option outstanding for issue under Employee Stock Options Scheme (ESOS):

As at 31 March 2024, the Company has 371,748 (31 March 2023; 371,748) employee stock option issued under ESOS for its employees.

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Note 18 Equity share capital

e. Shareholding of promoters

As at 31 March 2024

Name of promoters	As at 31 March 2024		As at 31 March 2023		% Change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%	-
Hincon Finance Limited	6,22,61,186	4.12%	6,22,61,186	4.12%	-
Ajit Gulabchand	21,17,294	0.14%	21,17,294	0.14%	-
Shalaka Investment Private Limited	5,38,000	0.04%	5,38,000	0.04%	-
Anjani Ashwin Parekh	2,51,400	0.02%	2,51,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-
Maharani Holdings Private Limited	500	0.00%	-	-	0.00% *

As at 31 March 2023

Name of promoters	As at 31 March 2023		As at 31 March 2022		% Change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Arya Capital Management Private Limited	-	-	24,40,13,391	16.13%	16.13%
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%	-
Hincon Finance Limited	6,22,61,186	4.12%	6,22,61,186	4.12%	-
Ajit Gulabchand	21,17,294	0.14%	21,17,294	0.14%	-
Shalaka Investment Private Limited	5,38,000	0.04%	5,38,000	0.04%	-
Anjani Ashwin Parekh	2,51,400	0.02%	2,51,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

* represents less than 0.01%

f. The Board of Directors, at its meetings held on 8 February 2024 approved the issuance of equity shares of the Group for an amount not exceeding ₹ 350 crore by way of rights issue to the eligible equity shareholders, subject to regulatory and statutory approvals, under the applicable laws. Pursuant to aforesaid approval, on 12 March 2024, the Holding Company has filed the Letter of Offer with the Securities and Exchange Board of India ('SEBI'). Subsequent to the year end, the Holding Company has allotted 166,666,666 equity shares on rights basis at a price of ₹ 21 per equity share (including a premium of ₹ 20 per equity share).

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	As at 31 March 2024	As at 31 March 2023
Note 19 Other equity		
Reserves and surplus		
Capital reserve	39.70	39.70
Forfeited debentures account	0.02	0.02
Securities premium	2,650.87	2,650.87
Debenture redemption reserve	54.99	54.99
General reserve	180.24	180.24
Share option outstanding reserve	0.20	0.00 *
Retained earnings	(3,292.43)	(3,820.50)
Other comprehensive income		
Equity instruments at fair value through other comprehensive income	8.45	(11.01)
Translation loss relating to foreign operation (net)	38.16	40.00
Non-controlling interest	0.00 *	0.00 *
Total other equity	(319.79)	(865.69)

* Represents amount less than ₹ 1 lakh

Nature and purpose of reserves

i) **Capital reserve**

The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own equity instruments to capital reserve. Capital reserve represents gain arising from business combination and gain/ loss on account of acquisition/ divestment of non- controlling interest/ merger of subsidiaries.

ii) **Forfeited debentures account**

The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own debentures to forfeited debentures account.

iii) **Securities premium**

Securities premium is used to record the premium on issue of shares or debentures. This account is utilised in accordance with the provisions of the Companies Act, 2013.

iv) **Debenture redemption reserve**

The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures. Consequent to the amendment in the provision of Act, requirement to create reserve in respect of certain debenture have been withdrawn.

v) **Foreign currency monetary translation reserve**

Exchange difference arising on translation of the long term monetary items is accumulated in separate reserve within equity. The cumulative amount is reclassified to the Statement of Profit and Loss over the life of the monetary asset / liability on a straight line basis.

vi) **General reserve**

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

vii) **Share option outstanding reserve**

The share option outstanding reserve represents reserve in respect of equity settled share options granted to the Holding Company's employees in pursuance of the Employee Stock Option Plans.

viii) **Retained earnings**

Retained earnings represents the profits/ losses that the Group has earned / incurred till date including gain / (loss) on fair value of defined benefits plans as adjusted for distributions to owners, transfer to other reserves etc.

ix) **Equity instruments at fair value through other comprehensive income**

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amount from this reserve to retained earnings when the relevant equity securities are disposed off.

X) **Translation loss relating to foreign operation (net)**

The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in 'Translation loss relating to foreign operation (net)' in other equity.

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(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
Note 20 Borrowings		
I. Non-current borrowings:		
A) Secured		
1) 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	638.59	863.92
(ii) From others	63.31	77.92
2) Non-Convertible Debentures (NCDs)	333.90	3,203.97
3) Foreign Currency Term Loans from Bank	244.50	274.02
4) Non - Cumulative Redeemable Preference Shares	0.01	-
	1,280.31	4,419.83
B) Unsecured		
1) Non-Convertible Debentures (NCDs)	366.60	404.30
2) Foreign Currency Term Loan from Bank	24.61	26.98
	391.21	431.28
Total non-current borrowings (A +B)	1,671.52	4,851.11
II. Current borrowings:		
A) Secured		
I) Current maturities of long-term borrowings		
1) 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	147.36	107.99
(ii) From others	14.61	9.74
2) Non-Convertible Debentures (NCD's)	15.30	10.13
3) Foreign Currency Term Loans from Bank	11.88	7.83
4) Other term loans	-	27.00
	27.18	44.96
5) Other working capital loans from Banks	204.35	245.75
B) Unsecured		
Non-Convertible Debentures (NCD's)	37.20	24.80
Other bank loans	6.25	10.17
	43.45	34.97
Total current borrowings (A +B)	436.95	443.41
Total borrowings (I+II)	2,108.47	5,294.52

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20.1 Details of security and terms of repayment

(a) 0.01% Optionally Convertible Debentures (OCDs)

OCDs issued to the lenders with a tenure of 10 years and carry a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. The lenders have an option to convert the OCDs into equity shares of the Company, in accordance with the terms thereof including in case of any event of default or default in payment during the 10 years from the date of issuance of respective OCDs. In accordance with the resolution plan implemented in previous year, the repayment tenure of OCDs has been extended and the revised repayment of the OCDs commenced from 31 March 2023. Details of principal maturity of the OCD's outstanding as at 31 March 2024 have been provided below. Refer note 20.1.1 for security details.

Date of repayment	Amount
31 March 2025	161.97
31 March 2026	161.98
31 March 2027	161.98
31 March 2028	161.98
31 March 2029	215.96
Total	863.87

(b) Foreign Currency Term Loans

(i) Export-Import Bank of India

A) The loan availed by HCC Mauritius Enterprise Limited, a subsidiary company, carries an interest rate of SOFR + 530 bps payable quarterly. The availed loan is repayable in 11 structured quarterly installments between 30 September 2022 to 31 March 2025.

This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pledge of equity shareholding of the borrower held by Holding Company (iii) pari-passus first charge over specific fixed assets of Holding Company having written down value of ₹ 50 crore (at the time of original sanction in May 2010) (iv) pledge of 33% equity share holding of Steiner AG, held by HMEL, a subsidiary company (v) non disposal undertaking for non-disposal of shareholding in Steiner AG or any other SPV created for the purpose of acquisition.

B) The loan availed by HCC Mauritius Investment Limited, a subsidiary company, carries an interest rate of SOFR + 530 bps payable quarterly. The availed loan is repayable in 11 structured quarterly installments between 30 September 2022 to 31 March 2025.

This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pledge of equity shareholding of the borrower held by Holding Company (iii) pari-passus first charge over specific fixed assets of Holding Company (also encumbered for term loan availed by HMEL from Exim bank for acquisition of 66% of the equity shares of Steiner AG) (iv) pledge of 66% equity share holding of Steiner AG, held by HMEL, a subsidiary company (including pari-passu pledge on 33% shares encumbered for term loan availed by HMEL from Exim bank) (v) pledge of enitire equity share holding of Steiner AG, held by HMIL, a subsidiary company (vi) corporate guarantee by HMEL.

(iii) Asia Opportunities IV (Mauritius) Limited

During the previous year, the Holding Company has implemented debt resolution plan pursuant to which the FCTL has been restructured and the loan is repayable in 7 structured annual instalments commencing from 31 March 2023. The FCTL carries a floating interest rate equal to 3 Month SOFR plus 350 basis point.The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation.

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(c) Non-Convertible Debentures (NCDs)

i) NCDs issued by Prolific Resolution Private Limited ('PRPL')

During the previous year ended 31 March 2023, the Holding Company has novated specified debt of lenders aggregating ₹ 2,854.40 crore to PRPL, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims by way of Deed of Assignment dated 10 August 2022 between Holding Company, lenders of Holding Company and the PRPL.

NCDs have been issued to the lenders as part of the Resolution Plan with a tenure of 8 years and a coupon of 0.01% with an interest yield of 12.00% p.a. in yield equalization compounded and payable on a yearly basis. These NCDs are issued in 2 Series namely Series I and Series II having different security structure as given in security details. Refer note 20.1.2 for details of security. These NCDs are listed NCDs in BSE. Repayment schedule is as stated below:

Date of repayment	Series I Amount	Series II Amount
30-Sep-26	230.30	55.14
30-Sep-27	345.45	82.71
30-Sep-28	460.60	110.28
30-Sep-29	575.75	137.85
30-Sep-30	690.90	165.42
	2,303.00	551.40

During the current year, PRPL ceases to be a subsidiary of the Holding Company and accordingly assets and liabilities of PRPL have been derecognized from consolidated financial statements with effect from 30 September 2023 (Refer Note 33.2)

ii) Non Convertible Debentures - LIC

These NCDs carry an interest yield of 11.50% p.a. compounded quarterly and a coupon of 0.01% p.a. These are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029. Refer note 20.1.3 for security details.

(iii) Non Convertible Debentures - Karnataka Bank

These debentures are issued to one of the lender of erstwhile subsidiary, which carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable on 31 March 2026 and are secured by exclusive charge upto 0.19% on specific claims of the Holding Company.

(iv) Non Convertible Debentures - ACRE

These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These are repayable in 2 structured instalments on 31 March 2026 and 30 June 2029 and secured by exclusive charge upto 49.53% on specific claims of the Holding Company.

d) Other term loans from banks

i) Loan availed by Highbar Technologies Limited

Term Loan from ICICI bank carrying interest rate of ICICI Base Rate (9.25% p.a.) plus 2.25% p.a. This loan was repayable within 10 years in 28 structured quarterly instalments commencing from 15 April 2016 and ending on 15 January 2023. During the current year, the same loan has been repaid fully.

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ii) Loan availed by Raiganj Dalkhola Highways Limited

Rupee Term Loan I from Banks are Secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement and pledge of 51% shareholding of the promoters.The land is under lien by way of mortgage to SBI Cap Trustee Company Limited by way of charge dated 03 March 2011.

Rupee Term Loan II are Secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement and pledge of 51% shareholding of the promoters. The land is under lien by way of mortgage to SBI Cap Trustee Company Limited by way of charge modified dated 30 May 2016.

Term Loans from Banks and IIFCL are secured by way of first pari-passu charge on all assets, both present and future, excluding the project assets as defined in the concession agreement dated 28 June,2010 and pledge of 28.22% equity shares of the company held by promoter companies.

Loans are taken under Common Loan Agreement (CLA) and are secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement & pledge of 1,53,00,000 shares of the promoters equity shareholding.

The loans have been classified as Non Performing Assets (NPA) and IIFCL have recalled the entire financial assisance exteneded by them to the Company vide letter dated 3 October 2018.In financial it is netted with transaction cost.

During the current year, persuent to one time settlement with its lenders, part of outstanding debt including interest thereon has been settled fullly.

Note 20.1 Details of security

Note 20.1.1: Optionally Convertible Debentures (OCDs) are secured in the form of:

1. First ranking pari passu charge on all of the Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and

2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security perfection has been completed on the OCD facilities issued as part of the S4A scheme.

Note 20.1.2: Non-Convertible Debentures issued by Prolific Resolution Private Limited

Series I - First Ranking Pari passu Charge over Specified Awards and Claims

Series II - Second Ranking Pari passu Charge over Specified Awards and Claims

During the current year PRPL ceases to be a subsidiary of the Holding Company and accordingly assets and liabilities of PRPL have been derecognized from consolidated financial statements with effect from 30 September 2023.(Refer Note 33.2)

Note 20.1.3: Non-Convertible Debentures - LIC

1. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.

2. All the present and future current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.

3. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to LIC -NCD are as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.

2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders for LIC-NCD and OCD

1. HREL Real Estate Limited, an erstwhile subsidiary, has provided Corporate guarantee for the above outstanding facilities of the Holding Company.

2. First pari-passu charge on 154,151,669 shares of the Holding Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.

3. First Pari passu charge on Prolific Shares of 50,000 of HCC Holding

4. Personal guarantee of Chairman and Non-Executive Director of the Company.

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II. Unsecured

(a) Foreign Currency Term Loan from Bank

During the earlier year, the Holding Company has entered into an amendment agreement with the lender wherein the parties have agreed to restructure the outstanding amounts for USD 6.89 Million with fixed interest rate of 1.91% compounded annually, repayable in 3 structured instalments commencing from 31 December 2028 and ending on 31 December 2030.

(b) Non Convertible Debentures - ARCIL

These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029.The Holding Company has paid its March 2023 and March 2024 instalment on time.

(c) Non Convertible Debentures - Others

These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. and are repayable in 3 structured instalments commencing on 30 June 2029 and ending on 30 June 2031.

(d) Other bank loan

Overdraft facility availed by HCC-HDC a joint operation carries an interest rate of 8.71% p.a. (31 March 2023: 8.71%) which are repayable on demand.

Note 20.2 Right to Recompense:

In accordance with the provisions of Master Restructuring Agreement (MRA) dated 29 June 2012 executed between the Holding Company and its lenders, as amended from time to time and pursuant to deliberations between the parties, lenders have agreed for the recompense amount to be settled by the Holding Company in the form of equity shares to be issued at a future date, which is inter-alia dependent upon various factors including improved financial performance of the Holding Company and other conditions, and which would be restricted to a maximum of 2.87% of equity share capital of the Holding Company on the date of issue of such equity shares. This is valid as on balance sheet date under MRA dated 20 July 2022.

(Amount in ₹ crore, unless otherwise stated)

Note 20.3 Net debt reconciliation

An analysis of net debt and the movement in net debt is as follows.

	As at 31 March 2024	As at 31 March 2023
(A) Non-current borrowings	1,671.52	4 851 11
(B) Current borrowings	436.95	443 41
(C) Interest payable	1,654.44	1 843 16
(D) Cash and cash equivalents	398.73	581 91
Net debts (E) = (A)+(B)+(C)-(D)	3,364.18	6,555.77

Particulars	Liabilities from financing activities				Total
	Non-current borrowings	Current borrowings	Interest payable	Cash and cash equivalents	(E) = A+B+C-D
	(A)	(B)	(C)	(D)	
Net debt as at 1 April 2022	1,856.62	3,061.65	1,689.80	720.97	5,887.10
Movement in cash and cash equivalents	-	-	-	(161 49)	161 49
Repayment of long-term borrowings	(175 43)	-	-	-	(175 43)
Repayment of short-term borrowings (net)	-	(26 00)	-	-	(26 00)
Gain on debt resoluiton plan	-	-	(223 30)	-	(223 30)
Foreign exchange fluctuations	(4 79)	-	-	22 43	(27.22)
Impact of resolution plan	2,855 69	(2 397 13)	(458.56)	-	-
Impact of deconsolidation of erstwhile subsidiary	(584 14)	(64 62)	-	-	(648 76)
Reclassification	129 74	(129 74)	-	-	-
Conversion of other financial liability to debt	773 42	-	332 36	-	1,105 78
Gain on settlement of debt	-	(0 75)	(43 21)	-	(43 96)
Interest expense	-	-	812 66	-	812 66
Interest paid	-	-	(266 59)	-	(266 59)
Net debt as at 31 March 2023	4,851.11	443.41	1,843.16	581.91	6,555.77
Net debt as at 1 April 2023	4,851.11	443 41	1,843.16	581.91	6,555.77
Movement in cash and cash equivalents	-	-	-	105 69	(105 69)
Repayment of long-term borrowings	(284 69)	-	-	-	(284 69)
Repayment of short-term borrowings (net)	-	(45 32)	-	-	(45 32)
Foreign exchange fluctuations	1 35	-	-	25 09	(23 74)
Impact of deconsolidation of erstwhile subsidiary	(2 854 40)	-	(446 78)	(313 96)	(2,987 22)
Reclassification	(41 85)	38 86	2 99	-	-
Gain on settlement of debt	-	-	(55 75)	-	(55 75)
Interest expense	-	-	604 91	-	604 91
Interest paid	-	-	(294 09)	-	(294 09)
Net debt as at 31 March 2024	1,671.52	436.95	1,654.44	398.73	3,364.18

Note 20.4 Default in repayment of borrowings

The subsidiary company has defaulted in repayment of borrowings (non-current and current) including interest thereon. The details are as under

As at 31 March 2024

Sr. No.	Particulars	Period	Principal	Interest
1	Term Loans from Banks	Upto 30 days	-	-
		31 to 90 days	14 17	6 42
		91 to 180 days	14 17	6 36
		181 to 365 days	4 19	-
		> 365 days	-	-
2	Term Loans from Financial Institutions	31 to 90 days	-	-
		91 to 180 days	-	-
		181 to 365 days	-	-
Total			32.53	12.78

As at 31 March 2023

Sr. No.	Particulars	Period	Principal	Interest
1	Term Loans from Banks	Upto 30 days	10 65	2 84
		31 to 90 days	-	0 21
		91 to 180 days	-	0 81
		181 to 365 days	12 40	32 38
		> 365 days	6 63	2 54
2	Term Loans from Financial Institutions	31 to 90 days	-	-
		91 to 180 days	-	-
		181 to 365 days	4 32	6 91
Total			34.00	45.69

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Note 20.5 Disclosures pursuant to the requirements as specified under paragraph 6 (L) (ix) (a) and (b) of the General Instructions for preparation of Balance Sheet of Schedule III of the Act.

Reconciliation of stock statement submitted by the Holding Company to the consortium banks with books of account where borrowings have been availed based on security of current assets:

As at 31 March 2024

During the current year the Holding Company has not availed working capital facility, therefore the Holdiing Company is not required to submit quarterly returns to the Banks.

As at 31 March 2023

Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return/ statement	Diffence	Reason for material differences
31 March 2022	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	3,028.59	2,187.87	840.72	Refer note below
		Trade Receivables	4,234.78	1,748.15	2,486.63	
30 June 2022		Inventory & Unbilled work-in-progress	3,026.01	2,295.50	730.51	Refer note below
		Trade Receivables	4,279.58	1,726.20	2,553.38	

Notes:

i) Difference is mainly on account of arrangement with banks/ financial institution, which requires the Holding Company to submit the details of inventory, trade receivable, unbilled work-in-progress excluding projects executed as joint operations and projects which are closed/ suspended/ terminated etc.

ii) The Group is not required to submit quarterly returns to the banks other than those disclosed above.

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	As at 31 March 2024	As at 31 March 2023
Note 21 Other financial liabilities		
Non-current		
a) Security deposits	0.14	0.14
b) Interest accrued but not due	1,402.38	1,656.36
c) Financial guarantee liability	68.03	52.23
Total non-current financial liabilities	1,470.55	1,708.73
Current		
a) Interest accrued but not due	239.28	143.65
b) Interest accrued and due	39.90	64.83
c) Unpaid dividends	0.00 *	0.00 *
d) Financial guarantee liability	9.77	0.36
e) Financial liabilities of erstwhile subsidiary assumed (Refer note 21.1)	305.86	275.39
f) Others		
- Due to employees	65.81	60.12
- Liability for capital goods	3.96	9.25
- Interest payable on contractee advances	310.03	279.23
- Refundable bid bond deposit	-	9.75
- Other liabilities	41.87	14.18
Total current financial liabilities	1,016.48	856.76
Total other financial liabilities	2,487.03	2,565.49

* Represents amount less than ₹ 1 lakh

Other financial liabilities carried at amortised cost	2,409.23	2,512.90
Other financial liabilities carried at FVPL	77.80	52.59

Note 21.1: HCC Operations and Maintenance Limited ('HOML'), a step down subsidiary, had signed a Debenture Sale Purchase (DSP) agreement on 29 September 2017 with certain debenture holders for purchase of debentures issued by Lavasa Corporation Limited (LCL), in the event of any default for an aggregate consideration of ₹ 138 crore plus Interest @ 10.27 % per annum. Pursuant to default by LCL, HOML has till date recognised liability towards these debentures aggregating ₹ 305.86 crore (31 March 2023: ₹ 269.51 crore).

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	As at 31 March 2024	As at 31 March 2023
Note 22 Provisions		
Non-current		
Provision for employee benefits		
- Gratuity	50.25	72.01
- Pension fund	6.87	10.29
- Leave entitlement and compensated absence	0.04	-
Provision for warranty (Refer note 22.1)	29.52	44.38
Total non-current provisions	86.68	126.68
Current		
a) Provision for employee benefits		
- Gratuity	4.02	8.53
- Pension fund	5.16	7.08
- Leave entitlement and compensated absences	10.79	11.81
b) Provision for warranty (Refer note 22.1)	18.25	98.89
c) Provision for foreseeable losses (Refer note 22.2)	268.52	475.63
Total current provisions	306.74	601.94
Total provisions	393.42	728.62

Note 22.1 Detail of provision for warranty is as stated below:

Opening provision as at the beginning of the year	143.27	180.83
Addition during the year	-	21.60
Impact of deconsolidation	(17.74)	-
Utilised during the year	(77.76)	(59.16)
Closing provision as at the end of the year	47.77	143.27
Non current	29.52	44.38
Current	18.25	98.89
Total	47.77	143.27

This provision represent estimates made towards estimated liability arising out of contractual obligations in respect of warranties.

After the handover of the project there is a warranty liability, which lasts between 2 and 10 years, depending on the project and its components. During construction the warranty provision is recorded based on past experience and, in general, remains unchanged during construction. Actual warranty costs are recorded against the warranty provision of projects in warranty phase (pool approach). As per closing date, future warranty costs are estimated and if needed the warranty provisions are increased or released.

Note 22.2 The Group has adequately recognised forseeable losses on projects wherever it was probable that total contract costs will exceed total contract revenue. Details of provision in respect of forseeable losses of Holding Company is as stated below:

	As at 31 March 2024	As at 31 March 2023
Opening provision at the beginning of the year	475.63	324.94
Addition during the year	18.38	150.69
Utilised during the year	(225.49)	-
Closing provision as at the end of the year	268.52	475.63

The Group has adequately recognised forseeable losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
Note 23 Trade payables		
Total outstanding dues of micro enterprises and small enterprises	90.38	134.67
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,383.11	2,856.54
Total trade payables	2,473.49	2,991.21

Note 23.1 Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

Note 23.2 Trade payables ageing schedule

As at 31 March 2024	Outstanding for following periods from due date of payment						
	Not due	Unbilled	Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	36.14	-	39.02	5.99	2.25	6.98	90.38
(ii) Others	721.80	513.25	879.98	37.47	36.32	194.28	2,383.11
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	757.94	513.25	919.00	43.46	38.57	201.26	2,473.49

As at 31 March 2023	Outstanding for following periods from due date of payment						
	Not due	Unbilled	Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	27.06	-	82.51	11.83	1.84	11.43	134.67
(ii) Others	973.79	609.34	895.90	66.41	49.92	261.18	2,856.54
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	1,000.85	609.34	978.41	78.24	51.76	272.61	2,991.21

	As at 31 March 2024	As at 31 March 2023
Note 24 Other current liabilities		
a) Due to customers	424.24	669.19
b) Advance received from contractee	1,122.41	1,315.85
c) Statutory dues payable	73.61	55.38
d) Other liabilities	30.91	46.20
Total other current liabilities	1,651.17	2,086.62

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	Year ended 31 March 2024	Year ended 31 March 2023
Note 25 Revenue from operations		
a) Sale of products and services:		
- Construction revenue	6,623.91	7,709 70
b) Other operating revenue:		
- Fair valuation gain on subsequent measurement of financial assets	275.80	248 55
- Interest on arbitration awards (Refer note 25.1)	6.29	255 90
- Royalty income	4.30	5 38
- Provision no longer required written back	64.94	50 14
- Service fees	31.47	-
- Others	-	0 19
	382.80	560 16
Total revenue from operations	7,006.71	8,269.86

Note 25.1 The Holding Company has recognized interest income on arbitration awards of ₹ 77 49 crore during the current year. This has been presented net of reversal of interest in respect of a project, where Supreme Court while upholding the award, has modified the interest. This resulted in a cumulative interest reversal of ₹ 83 23 crore The net charge of ₹ 5 74 crore has been grouped in "Miscellaneous expenses" under the head "Other expenses".

Note 25.2 Disclosure in accordance with Ind AS 115 Revenue from Contracts with Customers

(a) Disaggregation of revenue

Revenue disaggregation as per industry vertical has been included in segment information (Refer note 47)

(b) Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹ 14,382 crore (31 March 2023: ₹ 23,343 crore). Most of the Group's contracts have a life cycle of three to five years. Management expects that around 40%-50% of the transaction price allocated to unsatisfied contracts as of 31 March 2024 will be recognised as revenue during next reporting period depending upon the progress on each contracts. The remaining amounts are expected to be recognised over the next two years. The amount disclosed above does not include variable consideration.

(c) Contract balances

(i) Movement in contract balances during the year:

Particulars	Contract assets (unbilled work-in-progress)	Contract liabilities (due to customer)	Net contract balance
As at 1 April 2022	3,787.97	798.84	2,989.13
Net increase/ (decrease)	(862.99)	(129 65)	(733 34)
As at 31 March 2023	2,924.98	669.19	2,255.79
Net increase/ (decrease)	489 31	(244 95)	734.26
As at 31 March 2024	3,414.29	424.24	2,990.05

Note: Increase in contract assets is primarily due to lesser certification of progress bills as compared to revenue for the year. Further, contract liability has decreased due to higher recognition of revenue as compared to progress bills raised during the year.

(ii) Revenue recognised during the year from opening balance of contract liability amounts to ₹ 255 73 crore (31 March 2023: ₹ 790.80 crore)

(iii) Revenue recognised during the year from the performance obligation satisfied upto previous year amounts to Nil (31 March 2023: ₹ 61.58 crore)

(d) Out of the total revenue recognised during the year, ₹ 6937.47 crore (31 March 2023: ₹ 8214 15 crore) is recognised over a period of time and ₹ 69.24 crore (31 March 2023: ₹ 55 71 crore) is recognised at a point in time

(e) There are no reconciliation items between revenue from contracts with customers and revenue recognised with contract price.

(f) Cost to obtain or fulfil the contract:

(i) Amount of amortisation recognised in Statement of Profit and Loss during the year : Nil

(ii) Amount recognised as contract assets as at 31 March 2024 : Nil

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	Year ended 31 March 2024	Year ended 31 March 2023
Note 26 Other income		
a) Interest income from financial assets at amortised cost	**31.10**	20.95
b) Other non-operating income:		
- Gain on settlement of debt (Refer note below)	**55.75**	-
- Profit on disposal of property, plant and equipment (net)	**6.06**	2.89
- Plant hire income	**24.32**	0.50
- Exchange gain (net)	**1.72**	4.18
- Dividend from non-current investments	**0.07**	4.57
- Rental Income	**0.54**	0.50
- Miscellaneous	**13.10**	19.59
Total other income	**132.66**	53.18

Note : The Holding Company entered into a revised sanction letter with a holder of Optionally Convertible Debentures ('OCD') which provides for a waiver on the interest accrued on prepayment of OCD. During the current year, the Holding Company made prepayments towards outstanding OCD which resulted in gains on settlement of debt, representing waiver of interest (net of processing charges), amounting to ₹ 46.16 crore during the year ended 31 March 2024.
Further, pursuant to an one time settelment by HCC Infrastructure Company Limited (a subsidiary) with its lenders, total oustanding debt (including interest thereon) aggregating ₹ 61.38 crore was settled for ₹ 51.79 crore. The settlement amount has been fully repaid and the resultant gain of ₹ 9.59 crore has been recognised under other income.

	Year ended 31 March 2024	Year ended 31 March 2023
Note 27 Cost of materials consumed		
Stock at beginning of the year	**166.18**	170.05
Add: Purchases	**854.36**	1,042.42
	1,020.54	1,212.47
Less: Sale of scrap and unserviceable material	**(35.07)**	(36.65)
	985.47	1,175.82
Less: Stock at the end of the year	**(123.42)**	(166.18)
Total cost of materials consumed	**862.05**	1,009.64

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	Year ended 31 March 2024	Year ended 31 March 2023
Note 28 Changes in inventories		
Opening inventory	319.73	308.69
Less: Closing inventory	(309.57)	(319.73)
Total changes in inventories	10.16	(11.04)

	Year ended 31 March 2024	Year ended 31 March 2023
Note 29 Employee benefits expense		
Salaries and wages	526.92	643.95
Contribution to provident and other funds	59.14	29.00
Staff welfare	54.07	55.00
Share based payment expense	0.20	0.00 *
Total employee benefits expense	640.33	727.95

	Year ended 31 March 2024	Year ended 31 March 2023
Note 30 Finance costs		
Interest expense on:		
- debentures	565.22	605.37
- term loan/ cash credit facilities	39.69	134.14
- financial liabilities of an erstwhile subsidiary	-	90.15
- advance from contractee	91.87	100.38
- lease liabilities (Refer note 39)	2.38	2.93
- others	53.53	18.71
Other borrowing costs		
- guarantee commission	47.15	50.60
- others	13.43	10.03
Total finance costs	813.27	1,012.31

	Year ended 31 March 2024	Year ended 31 March 2023
Note 31 Depreciation and amortisation expense		
a) Depreciation of tangible assets (Refer note 3A)	73.50	83.74
b) Depreciation on right-of-use assets (Refer note 3B)	23.28	30.82
c) Depreciation of investment properties (Refer note 4)	0.02	0.03
d) Amortisation of intangible assets (Refer note 5)	8.30	13.05
Total depreciation and amortisation expense	105.10	127.64

	Year ended 31 March 2024	Year ended 31 March 2023
Note 32 Other expenses		
a) Stationery, postage, telephone and advertisement	7.49	5.70
b) Travelling and conveyance	36.63	41.28
c) Rates and taxes	27.18	30.02
d) Power, fuel and water	137.73	147.65
e) Insurance	40.83	28.86
f) Rent (Refer note 39)	80.76	91.70
g) Professional fees	87.93	60.75
h) Repairs and maintenance - building	4.30	4.83
i) Repairs and maintenance - others	4.97	11.88
j) Payment to auditors	6.73	6.65
k) Office expenses	2.92	13.60
l) Operation, maintenance and warranty	57.30	83.12
m) Selling and distribution expenses	3.45	4.44
n) IT support and computer maintenance	9.80	7.97
o) Loss allowance on financial assets	19.33	29.72
p) Miscellaneous expenses	33.97	31.40
Total other expenses	561.32	599.57

* represents amount less than ₹ 1 lakh.

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	Year ended 31 March 2024	Year ended 31 March 2023
Note 33 Exceptional items - Gain		
a) Gain on deconsolidation of HREL Real Estate Limited (Refer note 33.1)	86.73	-
b) Gain on deconsolidation of Prolific Resolution Private Limited (Refer note 33.2)	1.53	-
c) Gain on deconsolidation of Steiner Construction SA (Refer note 38.1)	564.56	-
d) Gain on sale of land (Refer note 33.3)	87.93	-
e) Gain on deconsolidation of a erstwhile subsidiary (Refer note 49)	110.00	142.48
f) Gain on implementation of debt resolution plan of Holding Company (Refer note 33.4)	-	223.30
g) Gain on settlement of debt (Refer note 33.5)	-	43.96
Total exceptional items - Gain	**850.75**	**409.74**

Note 33.1 Gain on deconsolidation of HREL Real Estate Limited

The Holding Company has divested its entire equity shareholding in HREL Real Estate Limited ('HREL'), a wholly owned subsidiary, vide Share Purchase Agreement dated 31 March 2024 for a consideration of ₹ 0.10 crore. Accordingly, HREL along with its step-down subsidiaries have ceased to be subsidiaries of the Group in accordance with Ind AS 110 'Consolidated Financial Statements' and the resultant gain on deconsolidation has been presented as an exceptional item for the year ended 31 March 2024.

Particulars	Amount
Non-current liabilities	56.20
Current liabilities	50.82
Total liabilities (a)	**107.02**
Non-current assets	19.06
Current assets	1.33
Total assets (b)	**20.39**
Sale proceeds (c)	0.10
Gain on deconsolidation [(a) - (b) - (c)]	(86.73)

Note 33.2 Gain on deconsolidation of Prolific Resolution Private Limited

During the quarter ended 30 September 2023, Prolific Resolution Private Limited ('PRPL') has issued 52,040 equity shares to Jadeja Investments Management Private Limited ('JIPL') on preferential basis for a consideration of ₹ 25 crore. Pursuant to aforementioned issue of equity shares, JIPL holds 51% of equity share capital of PRPL. Consequent to the above, w.e.f. 30 September 2023, PRPL ceases to be a subsidiary of the Holding Company and based on the terms of the Investment Agreement and Service Agreement, JIPL and HCC have joint control over the relevant activities of PRPL. Consequently, assets and liabilities of PRPL have been derecognized from consolidated financial statements and the Group has recognised a gain on deconsolidation of ₹ 1.53 crore for the year ended 31 March 2024, which has been presented as an exceptional item.

Note 33.3 Gain on sale of land

During the current year, the Holding Company has sold a land parcel situated in Village Karnala (Tara), Panvel, Maharashtra along with the structures standing thereon for a consideration of ₹ 95.00 crore. The resultant gain of ₹ 87.93 crore has been presented as an exceptional item.

Note 33.4 Gain on implementation of debt resolution plan of Holding Company

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

Note 33.5 Gain on settlement of debt

During the year ended 31 March. 2023, Raiganj Dalkhola Highways Limited ('RDHL'), a wholly owned subsidiary of HICL, entered into one time settlement with its lenders, where part of outstanding debt (including interest thereon) aggregating ₹ 92.43 crore was settled for ₹ 48.47 crore resulting in a gain of ₹ 43.96 crore. The aforementioned resultant gains have been presented as exceptional items.

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Note 34 Earnings/ (loss) per share (EPS)

Basic and diluted EPS

		Year ended 31 March 2024	Year ended 31 March 2023
Earnings/ (loss) per share (Face value of ₹ 1 each) - for continuing operations			
A. Profit/ (loss) computation for basic earnings per share of ₹ 1 each			
Net profit/ (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	529.42	(52.51)
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	1,51,29,76,244
Add: Effect of dilution on account of employee stock option issued	(Nos)	1,85,186	12,035
Weighted average number of equity shares adjusted for the effect of dilution		1,51,31,61,430	1,51,29,88,279
C. EPS - Basic & Diluted	(₹ per share)		
- Basic EPS		3.50	(0.35)
- Diluted EPS		3.50	(0.35)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
A. Profit/ (loss) computation for basic earnings per share of ₹ 1 each			
Net profit/ (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(51.26)	24.67
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	1,51,29,76,244
Add: Effect of dilution on account of employee stock option issued	(Nos)	1,85,186	12,035
Weighted average number of equity shares adjusted for the effect of dilution		1,51,31,61,430	1,51,29,88,279
C. EPS - Basic & Diluted	(₹ per share)		
- Basic EPS		(0.34)	0.16
- Diluted EPS		(0.34)	0.16
Earnings/ (loss) per share (Face value of ₹ 1 each) - for total operations			
A. Profit/ (loss) computation for basic earnings per share of ₹ 1 each			
Net profit/ (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	478.16	(27.84)
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	1,51,29,76,244
Add: Effect of dilution on account of employee stock option issued	(Nos)	1,85,186	12,035
Weighted average number of equity shares adjusted for the effect of dilution		1,51,31,61,430	1,51,29,88,279
C. EPS - Basic & Diluted	(₹ per share)		
- Basic EPS		3.16	(0.19)
- Diluted EPS		3.16	(0.19)

Note 35 Contingent liabilities and commitments

	As at 31 March 2024	As at 31 March 2023
A. Contingent liabilities		
(i) Claims against the Group not acknowledged as debts	**101.63**	194.39
(ii) Income tax liability that may arise in respect of matter in which the Group is in appeals	**74.92**	118.18
(iii) Indirect tax liability that may arise in respect of matter in which the Group is in appeals	**181.51**	162.66
(iv) Stamp duty	**11.66**	-

Note : It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

	As at 31 March 2024	As at 31 March 2023
B. Commitments		
Capital commitment (net of advances)	**4.43**	1.29

Note 36 : Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivable includes ₹ 528.81 crore, ₹ 245.54 crore and ₹ 57.52 crore, respectively, outstanding as at 31 March 2024, representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended projects of the Holding Company. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work, for which the Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the Holding Company is confident that these receivables are good and fully recoverable.

Note 37 : The Notification under Section 3C(1) under the Maharashtra Slum Area (Improvement & Redevelopment) Act, 1971 declaring the land parcel at Vikhroli (East) held by the Panchkutir Developers Limited ('PDL'), a subsidiary of Holding Company, as "Slum Rehabilitation Area" has been challenged by some persons and appeals preferred are pending in the Bombay High Court. Similarly, a suit filed in the High Court by some persons for declaration that they are Lessees of the said property is also pending. Suit filed by PDL for vacant and peaceful possession of part of the said land is in the Small Causes Court, Mumbai. On 12 December 2021, Small Causes Court passed ex-parte decree & judgement in PDL's favour. The opposite party has filed application to set aside the order of Decree and Judgement.

(Amount in ₹ crore, unless otherwise stated)

Note 38.1 During the current year, Steiner AG ('SAG'), a step down subsidiary of the Holding Company, executed a Share Purchase Agreement (SPA) for 100% stake sale of Steiner Construction SA ('SCSA'), a wholly owned subsidiary of SAG. On 18 January 2024, material condition precedents of above SPA have been met and SCSA ceases to be a subsidiary of the Group in accordance with Ind AS 110 - "Consolidated Financial Statements". Pursuant to the above sale the resultant gain on deconsolidation has been recognised during the current year.

Particulars	Amount
Non-current liabilities	590.96
Current liabilities	439.07
Total liabilities (a)	**1,030.03**
Non-current assets	10.31
Current assets	617.49
Total assets (b)	**627.79**
Net liabilities (c = a - b)	**402.24**
Sale proceeds (d)	162.32
Gain on deconsolidation (e = c + d)	**564.56**

Note 38.2 SCSA was presented as discontinued operations in accordance with Ind AS 105, 'Non-current Assets Held for Sale and Discontinued Operations'. The requisite disclosures in accordance with Ind AS 105 are given below:

Particulars	For the period 1 April 2023 to 18 January 2024	For the year ended 31 March 2023
Statement of profit and loss		
Total Income	**1,780.16**	1,589.29
Total Expenses	**1,831.42**	1,559.22
Profit/ (Loss) before tax	**(51.26)**	30.07
Tax expenses	-	4.15
Profit/ (Loss) after tax	**(51.26)**	25.92
Other comprehensive income	-	-
Total comprehehensive income/ (loss)	**(51.26)**	25.92
Cash flow statement		
Net cash (used in)/ generated from operating activities	(143.87)	369.46
Net cash used in investing activities	-	(13.87)
Net cash generated from financing activities	92.01	88.78
Net cash generated from discontinued operations	**(51.86)**	444.38

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Note 39 Leases - Ind AS 116

a) Right-of-use assets:

The net carrying value of right-of-use assets as at 31 March 2024 amounts to ₹ 93.62 crore (31 March 2023 : ₹ 186.80 crore) have been disclosed on the face of the balance sheet. (Refer note 3B)

b) Lease liabilities:

As at 31 March 2024, the obligations under leases amounts to ₹ 114.07 crore (31 March 2023 : ₹ 217.05 crore), which have been classified as lease liabilities [non-current ₹ 96.89 crore and current ₹ 17.18 crore (31 March 2023 : non-current ₹ 185.70 crore and current ₹ 31.35 crore)]

The following is the movement in lease liabilities:

	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	**217.05**	226.82
Additions during the year	-	-
Finance cost accrued during the year	2.38	2.93
Payment of lease liabilities	(33.05)	(9.77)
Translation difference	(0.56)	(2.93)
Termination of lease	(71.75)	-
Balance at the end of the year	**114.07**	217.05

The table below provides details regarding the contractual maturities (undiscounted) of lease liabilities:

Lease Liabilities	Carrying amount	Contractual cash flows			
		Total	0-1 year	1-5 years	5 years and above
As at 31 March 2024	**114.07**	**118.06**	**18.16**	74.47	**25.43**
As at 31 March 2023	217.05	244.23	36.81	143.60	63.82

c) During the year ended 31 March 2024, the Group recognised the following in the Statement of Profit and Loss:

(i) Depreciation expense from right-of-use assets of ₹ 23.28 crore (31 March 2023 ₹ 30.82 crore) (Refer note 31)

(ii) Finance cost on lease liabilities of ₹ 2.38 crore (31 March 2023 ₹ 2.93 crore) (Refer note 30)

(iii) Rent expense amounting to Nil (31 March 2023 Nil) and ₹ 80.76 crore (31 March 2023 ₹ 91.70 crore) pertaining to leases with less than twelve months of lease term have been included under rent expense (Refer note 32). Further the group does not have rent expenses relating to leases of low-value assets.

d) Cash outflow in respect of lease liabilities for the year ended 31 March 2024 amounts to ₹ 33.05 crore (31 March 2023: ₹ 9.77 crore).

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Note 40 Disclosure in accordance with Ind AS 24 - Related Party Disclosures

A) Names of related parties and nature of relationship

Name	Country of incorporation	Group's holding (%)	
		As at 31 March 2024	As at 31 March 2023
a) Joint ventures			
Prolific Resolution Private Limited (Refer note 33.2)	India	49.00	-
b) Associates			
Evostate AG	Switzerland	30.00	30.00
MCR Managing Corp. Real Estate*	Switzerland	30.00	30.00
Evostate Immobilien AG (Subsidiary of Evostate AG)	Switzerland	30.00	30.00
Hegias AG, Zurich (with effect from 18 August 2022)	Switzerland	23.20	23.20
Highbar Technocrat Limited	India	49.00	49.00

*in process of liquidation

c) Other related parties

Name	Relationship
Mrs. Shalaka Gulabchand Dhawan	Daughter of Chairman and Non-Executive Director and Wife of Executive Vice Chairman
Gulabchand Foundation	Entities over which key management personnel/ their relatives having control
Hincon Holdings Limited	Entities over which key management personnel/ their relatives having control
Hincon Finance Limited	Entities over which key management personnel/ their relatives having control
Shalaka Investment Private Limited	Entities over which key management personnel/ their relatives having control
Maharani Holdings Private Limited	Entities over which key management personnel/ their relatives having control
HCC Employee's Provident Fund	Post-employment contribution plan
Stiftung der Steiner AG (Steiner pension foundation)	Post-employment benefit plan

B) Key Management Personnel and relative of Key Management Personnel

Name	Relationship
Mr. Ajit Gulabchand	Chairman and Managing Director (upto 31 March 2023) Chairman and Non-Executive Director (w.e.f. 1 April 2023)
Mr. Jaspreet Bhullar	Chief Executive Officer (from 23 March 2022 to 31 March 2023) Managing Director and Chief Executive Officer(w.e.f. 1 April 2023)
Mr. Arjun Dhawan	Executive Vice Chairman
Mr. Mukul Sarkar	Nominee Director
Mr. N. R. Acharyulu	Independent Director
Dr. Mita Dixit	Independent Director
Mr. Mahendra Singh Mehta	Independent Director
Mr. Santosh Janakiram Iyer	Independent Director
Mr. Arun Karambelkar	Independent Director (w.e.f 7 June 2023)
Mr. Aditya Jain	Non-Executive Non-Indpendent Director (w.e.f 7 June 2023)
Mr. Rahul Rao	Chief Financial Officer (upto 18 April 2024)
Mr. Girish Gangal	Chief Financial Officer (w.e.f 18 April 2024)
Mr. Vithal P. Kulkarni	Company Secretary (upto 12 May 2022)
Mr. Nitesh Jha	Company Secretary (w.e.f 12 May 2022)

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(Amount in ₹ crore, unless otherwise stated)

Note 40 Disclosure in accordance with Ind AS 24 - Related Party Disclosures (continued...)

B. Nature of Transactions

	Year ended 31 March 2024	Year ended 31 March 2023
Transactions with related parties:		
Finance income on corporate guarantees		
Associate		
- Highbar Technocrat Limited	-	0.15
Interest income on inter corporate deposits		
Entities over which key management personnel/ their relatives having control		
- Maharani Holdings Private Limited	0.04	-
Reimbursement of expenses		
Joint ventures		
- Prolific Resolution Private Limited	31.22	-
Services given		
Associates		
- Highbar Technocrat Limited	0.05	-
Services received		
Associates		
- Highbar Technocrat Limited	2.15	2.28
Inter corporate deposit given		
Entities over which key management personnel/ their relatives having control		
- Maharani Holdings Private Limited	25.00	-
Inter corporate deposit given recovered		
Entities over which key management personnel/ their relatives having control		
- Maharani Holdings Private Limited	25.00	-
Remuneration paid/ accrued to Key Management Personnel		
(a) Short-term employee benefits		
- Mr. Ajit Gulabchand	2.79	5.13
- Mr. Arjun Dhawan	5.13	4.67
- Mr. Vithal P. Kulkarni	-	0.30
- Mr. Jaspreet Bhullar	2.80	2.49
- Mr. Rahul Rao	1.34	1.19
- Mr. Nitesh Kumar Jha	0.69	0.38
	12.75	14.16
(b) Post employment benefits		
- Mr. Ajit Gulabchand	0.21	0.37
- Mr. Arjun Dhawan	0.37	0.33
- Mr. Vithal P. Kulkarni	-	-
- Mr. Jaspreet Bhullar	0.30	0.10
- Mr. Rahul Rao	0.06	0.06
- Mr. Nitesh Kumar Jha	0.02	0.01
	0.96	0.87
(c) Total remuneration [(a) + (b)]		
- Mr. Ajit Gulabchand	3.00	5.50
- Mr. Arjun Dhawan	5.50	5.00
- Mr. Vithal P. Kulkarni	-	0.30
- Mr. Jaspreet Bhullar	3.10	2.59
- Mr. Rahul Rao	1.40	1.25
- Mr. Nitesh Kumar Jha	0.71	0.39
	13.71	15.03
Remuneration paid/ accrued		
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	1.31	1.30
Directors' sitting fees paid / accrued		
- Key Management Personnel		
- Mr. Ajit Gulabchand	0.15	-
- Mr. N. R. Acharyulu	0.15	0.18
- Mr. Arun V. Karambelkar	0.04	0.01
- Mr. Santosh Janakiram Iyer	0.07	0.10
- Mr. Mahendra Singh Mehta	0.12	0.15
- Mr. Mukul Sarkar	0.03	0.04
- Dr. Mita Dixit	0.08	0.09
- Mr. Aditya Jain	0.03	-
	0.68	0.57

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Note 40 Disclosure in accordance with Ind AS 24 - Related Party Disclosures (continued...)

	As at 31 March 2024	As at 31 March 2023
Outstanding balances:		
Outstanding receivables		
Receivables from related parties		
Other Receivable		
- Joint Venture		
- Prolific Resolution Private Limited	17.16	-
Associate		
- Highbar Technocrat Limited	0.32	0.14
	17.48	0.14
Outstanding payable		
Inter corporate deposits		
Associate		
- Evostate AG	-	0.47
	-	0.47
Other payable		
Associate		
- Highbar Technocrat Limited	1.80	1.75
Other related parties		
- Hincon Holdings Limited	-	0.00 *
	1.80	1.75
Corporate guarantees given by Holding Company		
- Joint Venture		
- Prolific Resolution Private Limited	3,448.03	-
	3,448.03	-
Remuneration payable (net)		
Key management personnel		
- Mr. Ajit Gulabchand	0.18	0.35
- Mr. Arjun Dhawan	0.14	0.12
- Mr. Rahul Rao	0.10	0.10
- Mr. Jaspreet Bhullar	0.14	0.22
- Mr. Nitesh Kumar Jha	0.04	0.03
	0.60	0.82
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	0.11	0.11
	0.71	0.93

* represents amount less than ₹ 1 lakh.

Notes:

(i) The above figure does not include gratuity liability valued by an actuary, as separate figures are not available.

(ii) Refer note 20 for personal guarantee provided by Chairman, shares pledged and other security created in respect of borrowing by the Holding Company or the related parties.

(iii) All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis.

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(Amount in ₹ crore, unless otherwise stated)

Note 41 Financial Instruments

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

(a) Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

(b) Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

A Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2024

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value
Assets:					
Investments:					
Investments in equity shares (unquoted)	6, 6A	-	-	33.95	33.95
Investments in equity shares (quoted)	6A	-	-	4.61	4.61
Investment in mutual funds (unquoted)	13	-	0.15	-	0.15
Trade receivables	7	2,907.32	-	-	2,907.32
Loans	8	36.78	-	-	36.78
Other financial assets	9	69.81	-	-	69.81
Cash and cash equivalents	14	398.73	-	-	398.73
Bank balances other than cash and cash equivalents	15	114.39	-	-	114.39
Liabilities:					
Borrowings (including current maturities of long-term debts)	20	2,108.47	-	-	2,108.47
Trade payables	23	2,473.49	-	-	2,473.49
Lease liabilities	39	114.07	-	-	114.07
Other financial liabilities	21	2,409.23	77.80	-	2,487.03

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2023

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value
Assets:					
Investments					
Investments in equity shares (unquoted)	6, 6A	-	-	18.21	18.21
Investments in equity shares (quoted)	6A	-	-	0.90	0.90
Investment in mutual funds (unquoted)	13	-	0.70	-	0.70
Trade receivables	7	3,368.26	-	-	3,368.26
Loans	8	26.62	-	-	26.62
Other financial assets	9	101.22	3,127.97	-	3,229.19
Cash and cash equivalents	14	581.91	-	-	581.91
Bank balances other than cash and cash equivalents	15	571.63	-	-	571.63
Liabilities:					
Borrowings (including current maturities of long-term debts)	20	5,294.52	-	-	5,294.52
Trade payables	23	2,991.21	-	-	2,991.21
Lease liabilities	39	217.05	-	-	217.05
Other financial liabilities	21	2,512.90	52.59	-	2,565.49

B Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within
Level 1 that are observable for the asset or liability, either
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	As at 31 March 2024			As at 31 March 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in equity shares (quoted)	4.61	-	-	0.90	-	-
Investments in equity shares (unquoted)	-	33.38	0.57	-	13.65	4.56
Investment in mutual funds (unquoted)	-	0.15	-	-	0.70	-
Other financial assets	-	-	-	-	-	3,127.97

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Note 42 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

I) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's total debt obligations with floating interest rates.

Considering the Company's total debt obligation with floating interest rate as 31 March 2024 is ₹ 256.38 crore (31 March 2023: ₹ 292.14 crore, the impact on Statement of Profit and Loss due to fluctuation in exchange rates would be immaterial. Therefore the disclosure for sensibility analysis has not been included.

b) Foreign currency risk

The Group has several balances in foreign currency and consequently the Group is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The following table analyses foreign currency risk from financial instruments :

As at 31 March 2024

Currency in crore

Particulars	USD	EUR	SEK	CHF	Others
Assets					
Inter corporate deposits and interest thereon	3.88	-	-	-	-
Advance to suppliers	0.04	0.03	-	-	-
Trade receivables	0.01 *	0.18	-	3.38	-
Bank balances (including deposit)	0.00 *	-	-	1.12	-
Other financial assets	-	-	-	1.75	-
Unbilled work-in-progress (contract asset)	-	-	-	8.98	-
	3.93	0.21	-	15.23	-
Liabilities					
Borrowings	3.38	-	-	2.25	-
Advance from contractee	-	0.62	-	-	-
Trade payables	0.36	0.15	0.12	7.50	0.01
Interest accrued	0.21	-	-	-	-
	3.95	0.77	0.12	9.75	0.01
Net assets / (liabilities)	**(0.02)**	**(0.56)**	**(0.12)**	**5.48**	**(0.01)**

As at 31 March 2023

Particulars	USD	EUR	SEK	CHF	Others
Assets					
Inter corporate deposits and interest thereon	3.35	-	-	-	-
Advance to suppliers	0.01	0.01	-	-	0.02
Trade receivables	- *	0.18	-	6.93	-
Bank balances (including deposit)	0.00 *	0.01	-	7.89	-
Other financial assets	-	-	-	0.27	-
Unbilled work-in-progress (contract asset)	-	-	-	5.66	-
	3.36	0.20	-	20.75	0.02
Liabilities					
Borrowings	3.76	-	-	2.77	-
Advance from contractee	-	0.61	-	-	-
Trade payables	0.27	0.31	0.12	12.27	0.01
Interest accrued	0.24	-	-	-	-
	4.27	0.92	0.12	15.04	0.01
Net assets / (liabilities)	**(0.91)**	**(0.72)**	**(0.12)**	**5.71**	**0.01**

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Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31 March, 2023 : 5%) would have increased/ (decreased) total equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

	Year ended	Year ended
Increase in basis points	500 basis points	500 basis points
Increase	20.80	16.26
Decrease in basis points	500 basis points	500 basis points
Decrease	(20.80)	(16.26)

c) Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors review and approve all equity investment decisions.

As at 31 March 2024, the exposure to listed equity securities including mutual fund at fair value was ₹ 4.61 crore (31 March 2023: ₹ 4.90 crore). A movement (decrease / increase) of 10% in the value of listed securities could have an impact of approximately ₹ 0.46 crore on the Other Comprehensive Income or equity attributable to owners of parent. These changes would not have a material effect on the total equity and profit or loss of the Group.

ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

a) Trade receivable (net of loss allowance)

Trade receivables are typically unsecured and are derived from revenue earned from two main classes of trade receivables i.e. receivables from government promoted agencies and receivables from private third parties. A substantial portion of the Group's trade receivables are from government promoted agencies having strong credit worthiness.

	As at 31 March 2024		As at 31 March 2023	
	Amount	%	Amount	%
Trade receivable				
- from government promoted agencies	2,138.73	72.27%	2,294.95	67.47%
- from private parties	820.69	27.73%	1,106.62	32.53%
Total trade receivables	2,959.42	100.00%	3,401.57	100.00%

The movement of the allowance for lifetime expected credit loss is stated below:

	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	33.31	3.14
Allowance for expected credit loss	19.33	29.72
Impact of exchange fluctuation	(0.54)	0.45
Written off as bad debts	-	-
Balance at the end of the year	52.10	33.31

b) Financial assets other than trade receivables

Financial assets other than trade receivables comprise of cash and cash equivalents, bank balances other than cash and cash equivalents, loan to employees and other financial assets. The Group monitors the credit exposure on these financial assets on a case-to-case basis. Based on the Group's historical experience, the credit risk on other financial assets is also low.

	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from external customers:		
India	5,327.82	5,477.19
Outside India	1,678.89	2,792.67
Total revenue from operations	7,006.71	8,269.86

(Amount in ₹ crore, unless otherwise stated)

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from top customer	**1,020.14**	723.00
Revenue from top five customers	**2,814.83**	2,903.09

For the year ended 31 March 2024, one (31 March 2023: Nil) customer, individually, accounted for more than 10% of the revenue.

c) Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings.

iii) Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	Less than 1 year #	1 - 5 years	More than 5 years	Total
As at 31 March 2024				
Borrowings (including interest accrued)	882.23	2,242.77	672.11	3,797.11
Trade payables	2,073.20	347.51	52.78	2,473.49
Lease liabilities	18.16	74.47	25.43	118.06
Other financial liabilities	754.79	-	-	754.79
Total	**3,728.38**	**2,664.75**	**750.32**	**7,143.45**
As at 31 March 2023				
Borrowings (including interest accrued)	696.85	3,022.24	3,459.41	7,178.50
Trade payables	2,505.54	485.67	-	2,991.21
Lease liabilities	36.81	143.60	63.82	244.23
Other financial liabilities	659.99	9.75	-	669.74
Total	**3,899.19**	**3,661.26**	**3,523.23**	**11,083.68**

includes loan repayable on demand

Note 43 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The Group strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt (excluding interest accrued) divided by total capital plus total debt.

	As at 31 March 2024	As at 31 March 2023
Total debt	**2,108.47**	5,294.52
Total equity excluding capital reserve	**(208.18)**	(754.08)
Total debt to equity ratio (gearing ratio)	**(10.13)**	(7.02)

In the long run, the Group's strategy is to maintain a positive gearing ratio of less than 2.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

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Note 44 Disclosures required pursuant to Ind AS 102 Share Based Payment

The Holding Company has granted stock options under the HCC Employees Stock Option Scheme ('ESOP Scheme'). These options would vest based on the vesting conditions as per letter of grant executed between the Holding Company and its employees. Each option when exercised would be converted into one fully paid up equity share of ₹ 1 each of the Holding Company. The relevant details of the scheme, grant and activity under ESOP Scheme are summarised below:

A. The number and weighted average exercise prices of, and movements in, share option:

Particulars	No of Options	Exercise Price (₹)
Options outstanding as at 1 April 2022	-	-
Options granted during the year	3,71,748	13.45
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
Options outstanding as at 31 March 2023	**3,71,748**	**13.45**
Options outstanding as at 1 April 2023	**3,71,748**	**13.45**
Options granted during the year	-	-
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
Options outstanding as at 31 March 2024	**3,71,748**	**13.45**

The weighted average of the remaining contractual life is *1.96 years.*

B. Fair value of the options has been calculated using Black Scholes Pricing Model. The following inputs were used to determine the fair value for options granted during the period:

Particulars	Unit	Key parameter
Vesting period	Years	3
Date of grant	Date	15 March 2023
Market price	₹	14.85
Expected life	Years	2.96
Volatility	%	64.00
Risk free rate	%	7.36
Exercise price	₹	13.45
Dividend yield	%	NIL
Option fair value	₹	8.31

Note:
Expected volatility reflects assumption that the historical volatility over a year similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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Note 45 Interest in other entities

45.1 Subsidiaries

The Group's subsidiaries as at 31 March 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of Incorporation	Ownership interest held by the group (%) (Refer note (a))		Ownership interest held by non controlling interests (%)		Principal activities
		As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	
Western Securities Limited	India	97.87	97.87	2.13	2.13	Others - Insurance auxiliary services
HREL Real Estate Limited (Refer note (b) below)	India	-	100.00	-	-	Real Estate Development
Panchkutir Developers Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Contract Solutions Limited	India	100.00	100.00	-	-	Engineering and construction
Highbar Technologies Limited	India	100.00	100.00	-	-	Others - Information Technology Consulting
HCC Infrastructure Company Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
HRL Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Maan Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Prolific Resolution Private Limited (Refer note (c) below)	India	-	100.00	-	-	Others - Services of recovering, assessing Managing claim, awards etc
HRL (Thane) Real Estate Limited (Refer note (d) below)	India	100.00	100.00	-	-	Real Estate Development
Nashik Township Developers Limited(Refer note (b) below)	India	-	100.00	-	-	Real Estate Development
Powai Real Estate Developer Limited(Refer note (b) below)	India	-	100.00	-	-	Real Estate Development
HCC Realty Limited(Refer note (b) below)	India	-	100.00	-	-	Real Estate Development
HCC Aviation Limited(Refer note (b) below)	India	-	100.00	-	-	Others - Aircraft services
HCC Operation and Maintenance Limited	India	100.00	100.00	-	-	Infrastructure - Operation and Maintenance of Road
Narmada Bridge Tollway Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
Badarpur Faridabad Tollway Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
Raiganj-Dalkhola Highways Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
Steiner AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	-	-	Engineering and construction
VM + ST AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Manufakt8048 AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Leman SAS (Refer note (e) below)	France	100.00	100.00	-	-	Engineering and construction
Steiner Construction SA (incorporated w.e.f. 12 July 2022) (Refer note (f) below)	Switzerland	-	100.00	-	-	Engineering and construction
Steiner Projekte AG (w.e.f 19 February 2024)	Switzerland	100.00	-	-	-	Engineering and construction
Steiner (Deutschland) GmbH	Germany	100.00	100.00	-	-	Engineering and construction
Steiner India Limited	India	100.00	100.00	-	-	Engineering and construction

Notes :

a) Including through subsidiary companies.

b) Pursuant to the Share Purchase Agreement dated 31 March 2024, HREL Real Estate Limited alongwith its subsidiaries i.e. Nashik Township Developers Limited, Powai Real Estate Developers Limited, HCC Aviation Limited and HCC Realty Limited have ceased to be subsidiaries of Hindustan Construction Company Limited.

c) During the current year, Prolific Resolution Private Limited ('PRPL') has issued 52,040 equity shares to Jadeja Investments Management Private Limited ('JIPL') on preferential basis for a consideration of ₹ 25 crore. Pursuant to aforementioned issue of equity shares, JIPL holds 51% of equity share capital of PRPL. Consequently, w.e.f. 30 September 2023, PRPL ceases to be a subsidiary of the Company and based on the terms of the Investment Agreement and Service Agreement, JIPL and HCC have joint control over the relevant activities of PRPL.

d) During the current year, the Holding Company has entered into a Share Purchase Agreement ('SPA') with HREL Real Estate Limited ('HREL') for acquisition of HRL Thane Real Estate Limited ('HRL Thane'), wholly owned subsidiary of HREL. Pursuant to the SPA, HRL Thane has become a direct subsidiary of the Holding Company.

e) Steiner Leman SAS sold during the year.

f) Steiner AG ('SAG'), a step down subsidiary of the Holding Company, entered into a binding term sheet for 100% stake sale of Steiner Construction SA ('SCSA'), a wholly owned subsidiary of SAG. The sale is completed on 18 January 2024. Pursuant to such sale, Steiner Construction SA ceased to be a subsidiary w.e.f. 18 January 2024.

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45.2 Non-controlling interest (NCI)

The following table summarises the information relating to the subsidiaries that has NCI. The amounts disclosed are before intra-group eliminations

Particulars	Western Securities Limited	
	As at 31 March 2024	As at 31 March 2023
NCI percentage	**2.13%**	2.13%
Summarised balance sheet		
Current assets (A)	**0.61**	0.66
Non-current assets (B)	**1.44**	2.18
Current liabilities (C)	**0.49**	0.75
Non-current liabilities (D)	**0.14**	0.14
Net assets (A+B-C-D)	**1.42**	1.95
Net assets attributable to NCI	**0.00** *	0.00 *
Summarised statement of profit and loss		
Revenue	**0.59**	0.69
Loss for the year	**(0.62)**	(0.23)
Other comprehensive income/(loss)	**0.10**	(0.01)
Total comprehensive income/ (loss)	**(0.52)**	(0.24)
Profit/(loss) allocated to NCI	**(0.00)** *	(0.00) *
OCI allocated to NCI	**0.00** *	(0.00) *
Total comprehensive income allocated to NCI	**(0.00)** *	0.00
Summarised cash flows		
Cash flow from operating activities	**(0.66)**	0.21
Cash flow from investing activities	**0.57**	(0.15)
Cash flow from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	**(0.09)**	0.06

* represents amount less than ₹ 1 lakh

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45.3 Interest in associates and joint ventures

	Note	Carrying amount ^	
		As at 31 March 2024	As at 31 March 2023
Interest in associates	See (A) below	63.99	59.66
Interest in joint ventures	See (B) below	142.83	0.00 *
		206.82	59.66

(A) Interest in associates

The Group's associates as at 31 March 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount ^		Principal activities
			As at 31 March 2024	As at 31 March 2023	
Evostate AG	Switzerland	30.00	13.53	10.57	Real estate development
MCR Managing Corporate Real Estate AG	Switzerland	30.00	2.02	1.41	Real estate development
Hegias AG	Switzerland	23.20	24.69	27.19	IT services
Highbar Technocrat Limited	India	49.00	23.75	20.49	IT services
Total			63.99	59.66	

Refer note 45.4 for the summarised financial information of associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil.

(B) Interest in joint ventures

The Group's joint ventures as at 31 March 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount ^		Principal activities
			As at 31 March 2024	As at 31 March 2023	
Prolific Resolution Private Limited (Refer note 33.2)	India	49.00	142.83	-	Others - Services of recovering, assessing Managing claim awards etc
			142.83	0.00*	

* Represents amount less than ₹ 1 lakh

^ Unlisted entity - no quoted price available

Refer Note 45.5 for summarised financial information of joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant joint ventures and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in joint ventures is Nil

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Hindustan Construction Company Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2024

(Amount in ₹ crore, unless otherwise stated)

Note 45.4 Table below provide summarised financial information for associates

Particulars	Evostate AG		MCR Managing Corporate Real Estate AG		Hegias AG		Highbar Technocrat Limited	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Summarised Balance Sheet								
Current assets (A)	613.65	346.86	7.40	5.18	1.09	16.49	63.50	68.49
Non-current assets (B)	-	*	-	*	27.60	25.04	5.17	3.53
Current liabilities (C)	568.96	315.18	0.67	0.46	3.17	7.61	18.71	29.25
Non-current liabilities (D)	-	*	*	-	5.01	0.58	1.57	0.97
Net assets (A+B-C-D)	**44.69**	**31.68**	**6.73**	**4.72**	**20.51**	**33.34**	**48.39**	**41.80**
Summarised Statement of Profit and Loss								
Revenue	240.80	*	3.05	0.22	19.15	14.46	100.11	99.12
Profit / (loss) for the year (A)	12.50	22.69	1.91	1.50	(18.53)	(13.10)	9.04	9.73
Other comprehensive income (B)	(0.11)	-	-	*	0.42	*	(0.35)	(0.53)
Total comprehensive income (A+B)	**12.38**	**22.69**	**1.91**	**1.50**	**(18.11)**	**(13.10)**	**8.69**	**9.20**

* represents amount less than ₹ 1 lakh

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(Amount in ₹ crore, unless otherwise stated)

Note 45.5 - Financial information for joint ventures:

Particulars	Prolific Resolution Private Limited	
	31-Mar-24	31-Mar-23
Summarised Balance Sheet		
Current assets (A)	67.00	-
Non-current assets (B)	3,545.45	-
Current liabilities (C)	65.78	-
Non-current liabilities (D)	3,459.52	-
Net assets (A+B-C-D)	**87.15**	**-**
Summarised Statement of Profit and Loss		
Revenue	266.90	-
Profit/ (loss) for the year (A)	41.12	-
Other comprehensive income (B)	-	-
Total comprehensive income (A+B)	**41.12**	**-**

(Amount in ₹ crore, unless otherwise stated)

Note 45.6 Interest in other entities

Joint operations (unincorporated entities)

The Group's share of interest in joint operations is set out below:

Name of the entity	% of ownership interest held by the Group as at		Name of the Joint operator	Principal place of business	Principal activities
	As at 31 March 2024	As at 31 March 2023			
HCC - L&T Purulia Joint Venture	57.00	57.00	Larsen and Toubro Limited	India	Construction
Nathpa Jhakri Joint venture	40.00	40.00	Impregilio-Spa, Italy	India	Construction
Kumagai - Skanska - HCC - Itochu Joint Venture	19.60	19.60	Skanska, Kumagai	India	Construction
Alpine - Samsung-HCC Joint Venture	33.00	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	India	Construction
Alpine - HCC Joint Venture	49.00	49.00	Alpine Meyreder Bau	India	Construction
HCC - Samsung Joint Venture CC-34	50.00	50.00	Samsung C&T Corporation	India	Construction
HCC - HDC Joint Venture	55.00	55.00	Hyundai Development Company	India	Construction
HCC - VCCL Joint Venture	50.00	50.00	Vensar Constructions Co Ltd	India	Construction
Werkarena Basel AG	50.00	50.00	P.A Real Estate AG	Switzerland	Real Estate Development

i) Classification of joint arrangements

The aforementioned entities are joint arrangements whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Holding Company (i.e. Joint Operator) recognises its direct right to assets, liabilities, revenue and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses and are incorporated in the Holding Company's financial statements under the respective financial statement line item.

	As at 31 March 2024	As at 31 March 2023
ii) Summarised balance sheet (Group's share)		
Total assets	386.83	293.83
Total liabilities	376.09	287.03
iii) Contingent liability/ capital commitment as at reporting date (Group's share)		
Contingent liability	18.62	13.28
Capital and other commitment	-	-

	Year ended 31 March 2024	Year ended 31 March 2023
iv) Summarised statement of profit and loss (Group's share)		
Revenue from operations	475.47	199.08
Other income	1.57	0.04
Total expenses (including taxes)	473.16	200.56

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Note 46 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

Name of the entity	Country of incorporation	% of voting power as at 31 March 2024	Net assets / (liabilities) i.e. total assets minus total liabilities		Share in profit / (loss) (including discontinued operations)		Share in other comprehensive income		Share in total comprehensive income / (loss)	
			Amount	As % of consolidated net assets / (liabilities)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Hindustan Construction Company Limited	India	-	921.08	55.83%	178.57	33.66%	21.39	37.98%	199.95	34.07%
Subsidiaries **										
Indian										
HREL Real Estate Limited (Refer note (b) below)	India	100.00%	-	0.00%	56.54	10.65%	-	-	56.54	9.63%
HCC Infrastructure Company Limited	India	100.00%	147.53	8.94%	121.53	22.90%	(0.16)	-0.28%	121.37	20.67%
HCC Contract Solutions Limited	India	100.00%	(0.01)	0.00%	-	0.00%	-	-	-	0.00%
Panchkulir Developers Limited	India	100.00%	41.97	2.54%	-	0.00% *	-	-	-	0.00%
Maan Township Developers Limited	India	100.00%	(11.34)	-0.69%	-	0.00%	-	-	-	0.00%
HRL Township Developers Limited	India	100.00%	(0.55)	-0.03%	-	0.00%	-	-	-	0.00%
Western Securities Limited	India	97.87%	1.44	0.09%	(0.62)	-0.12%	0.10	0.18%	(0.52)	-0.09%
Highbar Technologies Limited	India	100.00%	7.46	0.45%	2.22	0.42%	(0.22)	-0.39%	2.00	0.34%
Prolific Resolution Private Limited (Refer note 33.2)	India	100.00%	-	0.00%	13.77	2.59%	-	0.00%	13.77	2.35%
HRL (Thane) Real Estate Limited	India	100.00%	(22.78)	-1.38%	-	0.00%	-	0.00%	-	0.00%
Foreign										
Steiner AG	Switzerland	100.00%	686.51	41.60%	153.09	28.84%	37.31	66.28%	190.40	32.43%
HCC Mauritius Enterprises Limited	Mauritius	100.00%	(113.08)	-6.85%	(23.71)	-4.47%	(1.71)	-3.04%	(25.42)	-4.33%
HCC Mauritius Investments Limited	Mauritius	100.00%	(30.83)	-1.87%	(7.67)	-1.45%	(0.41)	-0.73%	(8.08)	-1.38%
Joint Ventures										
Indian										
Prolific Resolution Private Limited (Refer note 33.2)	India	49.00%	22.67	1.37%	37.06	6.98%	-	0.00%	37.06	6.31%
Total			**1,650.07**	**100.00%**	**530.78**	**100.00%**	**56.29**	**100.00%**	**587.07**	**100.00%**
Others										
a) Adjustments arising out of consolidation			(1,818.55)		(52.61)		11.25		(41.36)	
b) Non-controlling interest in subsidiaries			0.00*		(0.00)*		(0.00)*		(0.00)*	
Total			**(168.48)**		**478.16**		**67.54**		**545.70**	

* Represents amount less than ₹ 1 lakh
** Including step-down subsidiaries and their joint ventures/ associates

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WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS MUMBAI

(Amount in ₹ crore, unless otherwise stated)

Note 47 : Segment Reporting

The Group has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of activities of the parent company, its subsidiaries and joint ventures, the differing risks and returns, the organization structure and internal reporting system. The Group's operations predominantly relate to 'Engineering and Construction', 'Infrastructure' and 'Real Estate'. Other business segments contribute less than 10% of the total revenue and have been grouped as 'Others'. Also, refer note 42(ii) for information on revenue from major customers.

The geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customers located outside India.

The segment revenue, segment results, segment assets and segment liabilities include respective amounts identifiable to each of the segment and also amounts allocated on a reasonable basis.

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Segment revenue		
Engineering and construction	6,256.01	7,394.20
Real estate	938.69	1,598.98
Infrastructure	94.86	6.24
Others	6.50	22.57
Less: Inter segment revenue	(289.35)	(752.13)
Revenue from continued operations	7,006.71	8,269.86
Revenue from discontinued operations	1,780.16	1,961.34
Revenue from total operations	8,786.87	10,231.20
Segment results		
Engineering and construction	(135.26)	(851.05)
Real estate	67.99	398.73
Infrastructure	23.99	(68.34)
Others	(29.84)	(8.23)
Loss before exceptional items, tax and discontinued operations	(73.12)	(528.89)
Exceptional items - Gain		
Engineering and construction	654.02	223.30
Real estate	86.73	-
Infrastructure	110.00	186.44
Profit/ (loss) before tax and discontinued operations	777.63	(119.15)
Profit/ (loss) before tax from discontinued operations	(51.26)	28.99
Profit/ (loss) before tax from total operations	726.37	(90.16)

Particulars	As at 31 March 2024	As at 31 March 2023
Segment assets		
Engineering and construction	7,041.20	10,942.74
Real estate	1,110.48	838.86
Infrastructure	442.51	501.62
Others	41.03	39.50
Unallocable assets	424.16	755.38
Total Assets	9,059.38	13,178.10
Segment liabilities		
Engineering and construction	7,708.56	12,534.34
Real estate	208.97	180.12
Infrastructure	394.61	399.05
Others	208.21	227.00
Unallocable liabilities	707.51	551.97
Total Liabilities	9,227.86	13,892.48

The Holding Company is domiciled in India. The amount of its assets broken down by location is shown in the below table

	As at 31 March 2024	As at 31 March 2023
Asset		
- In India	6,259.00	9,663.04
- Outside India	2,800.38	3,515.06
	9,059.38	13,178.10

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Note 48 During the year ended 31 March 2024, 'Steiner AG ('SAG'), a wholly owned step-down subsidiary, maintains a bank facility with a Bank syndicate with the objective to provide guarantees for its projects. Furthermore, the facility agreement sets forth financial covenants related to consolidated minimum Earnings Before Interest and Tax (EBIT) and minimum non-project account cash. As of 31 March 2024, SAG complies with the covenant for minimum non-project cash, however does not comply with the financial covenant regarding the minimum consolidated EBIT. The present agreement is renewed with validity upto 30 May 2025.

The performance of SAG in past years have suffered due to the impact of the COVID pandemic on the supply chain, high inflation on construction cost and discontinuance of construction business. This resulted in raising interest rates due to global tightening monetary policy by all central banks and temporary reluctance of investors in the Swiss real estate market which is expected to turn back to a stable situation in the course of financial year 2024-25.

Due to this and the tightening liquidity situation the SAG's ability to continue as a going concern depends on whether it can achieve the proposed liquidity measures and therefore there exists a material uncertainty that may cast significant doubt about the SAG's ability to continue as a going concern. However, the Management is confident about the liquidity measure in place and is optimistic of successfully seeing through the current situation, In next quarters and beyond.

Note 49 During the earlier years, HCC Concessions Limited ('HCL') (now merged with HICL) entered into a binding term sheet with Cube Highways and Infrastructure II Pte. Limited ('Cube') for a 100% stake sale of Bahrampore-Farakka Highways Limited ('BFHL'), a step-down subsidiary of Holding Company. During previous year, on 28 March 2023, HCL has completed the 100% stake sale of BFHL to Cube. Pursuant to this, HCL has received ₹ 373.99 crore towards consideration for sale of equity shares and BFHL was deconsolidated. As a result, gain on deconsolidation ₹ 142.48 crore was recognised as exceptional item during previous year as per details given below.

Particulars	Amount
Non-current assets	1,023.22
Current assets	62.38
Total assets (a)	**1,085.60**
Non-current liabilities	578.46
Current liabilities	275.63
Total liabilities (b)	**854.09**
Net assets (c = a-b)	**231.51**
Sale proceeds (d)	373.99
Gain on deconsolidation (d-c)	**142.48**

As part of the sale agreement with Cube, the Group continued to be entitled to contingent considerations in the form of earn-outs (contingent on future traffic/ revenue projections) which were not recognised in the absence of certainty over realisation. During the current year, pursuant to the earn-out threshold being met, the earn-out consideration of ₹ 110 crore have been recognised as well as realised by the Group and disclosed as exceptional item.The requisite disclosures in accordance with Ind AS 105 for said period are given below:

Particulars	**Year ended 31-Mar-24**	**For the period 1 April 2022 to 28 March 2023**
Revenue from operations	-	372.05
Other income	-	7.88
Total income	-	**379.93**
Total expenses	-	405.93
Loss before tax	-	**(26.00)**
Impact of elimination	-	(24.92)
Loss before tax	-	**(1.08)**
Tax expense on profit on sale of discontinued operation	-	0.17
Loss from sale of discontinued operations, net of tax	-	**(1.25)**

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Note 50 Other statutory information:

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group do not have any transactions with struck off companies.

(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) None of the Group entities have been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) The Group has complied with the number of layers prescribed under the Companies Act, 2013.

Note 51 The Ministry of Corporate Affairs (MCA) vide notification dated 24 March 2021 has issued the 'Companies (Audit and Auditors) Amendment Rules, 2021. As per proviso to Rule 3(1), applicable for financial years commencing on or after the 1 April, 2022, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

As required under above rules, all group companies in India have used SAP application as accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded and the audit trail feature has not been tampered with.

The audit trail feature at database level in case of Holding Company, 6 subsidiaries and 1 joint venture was enabled subsequent to balance sheet date. However, the Group believes that no instances of changes in database found as these Group Companies has all other necessary controls in place which are operating effectively.

Note 52 * represents amount less than ₹ 1 lakh.

Note 53 Figures for the previous year have been regrouped/ rearranged, wherever considered necessary, to confirm to current period's classification. The impact of such reclassification/ regrouping is not material to the consolidated financial statements.

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WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

This is a summary of material accounting policies and other explanatory information referred to in our report of even date

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For Walker Chandiok & Co LLP
Chartered Accountants
6N / N500013

Partner
Membership No.: 101797

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Chairman
DIN : 01778379

Managing Director & Chief Executive Officer
DIN : 03644691

Mahendra Singh Mehta
Director
DIN : 00019566

Chief financial office

Company Secretary
FCS No. 8436

Place: Mumbai
Date: 24 May 2024

Place: Mumbai
Date: 24 May 2024

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 March 2023

HINDUSTAN CONSTRUCTION COMPANY LIMITED

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP

11th floor, Tower II,
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Independent Auditor's Report

To the Members of Hindustan Construction Company Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at **31 March 2023**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures, as at 31 March 2023, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

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

Our audit report dated 12 May 2022 on th... d financial statements for the year ended 31 March 2022 was also qualified in respect of this mat...

WALKER CHANDIOK & CO LLP
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4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraphs 19 and 20 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

5. In relation to the matters described in Note 49 to the accompanying consolidated financial statements and the following Material Uncertainty Related to Going Concern paragraph included in audit report on the consolidated financial statements of Steiner AG, a step-down subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 27 April 2023 which is reproduced by us as under:

   "We draw attention to the note XX of the consolidated financial statements describing the performance of the company given its challenging business situations and resulting liquidity difficulties it faced as at 31 March 2023. Furthermore, the company's syndicated bank guarantee agreement is valid up to 15 May 2023. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The company's ability to continue as a going concern depends on whether it can achieve the proposed liquidity measures."

6. In relation to the matter described in Note 39 to the accompanying consolidated financial statements and the following Emphasis of Matter paragraph included in the audit report of the financial statement of Raiganj-Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 16 May 2023, which is reproduced by us as under:

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

7. In relation to the matter described in Note 37 to the accompanying consolidated financial statements and the following Emphasis of Matter paragraph included in the audit report of the financial statements of HREL Real Estate Limited, a subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 8 May 2023, which is reproduced by us as under:

   "Note XX to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating ₹ 7,275.47 crore (previous year ₹ 6,069.65 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any, is currently unascertainable."

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

Key Audit Matters

8. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

9. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(a) Accounting of novation of specified debt and assignment of specified arbitration awards and claims pursuant to implementation of debt resolution plan as per the terms of Master Framework Agreement ('MFA') (Refer note 34.1 to the consolidated financial statements)</td></tr>
<tr><td>During the current year, the Holding Company has successfully implemented its debt resolution plan as per the terms of Master Framework Agreement ('MFA') in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019. Consequent to the aforementioned debt resolution plan, effective 1 July 2022:

• The Holding Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Holding Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,694.11 crore in favor of PRPL;

• The Holding Company has also furnished a Corporate Guarantee in favor of lenders for debt novated to PRPL;

• The specified terms of facilities have also been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Holding Company, whose liabilities were taken over in earlier years by the Holding Company pursuant to put options and corporate guarantees issued by the Holding Company to LCL lenders.</td><td>Our audit procedures included but were not limited to the following in relation to accounting of debt resolution plan and the treatment of resultant difference arising from such debt resolution:

• Obtained an understanding of the terms of the MFA from the management;

• Evaluated the design and implementation and tested the operating effectiveness of the key internal controls relating to accounting, measurement and de-recognition of specified debt and specified arbitration awards and claims as per the terms of MFA;

• Reviewed the terms of the MFA to assess whether the derecognition of specified debt and specified awards and claims was in accordance with the criteria given under Ind AS 109, 'Financial Instruments' ('Ind AS 109');

• Verified that the resultant net difference between debts novated and specified awards and claims assigned in favour of PRPL has been recognised in accordance with Ind AS 109 in the standalone financial statements of the Holding Company;

• Verified the accounting treatment for revision in the terms of original facilities by the lenders is in accordance with Ind AS 109; and

• Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Accordingly, effective 1 July 2022, the aforementioned assets aggregating ₹ 2,894.11 crore and aforementioned liabilities aggregating ₹ 2,855.69 crore have been derecognised by the Holding Company. The net assets transferred to PRPL represents Holding Company's investment in PRPL and consequently the resultant net difference between assets and liabilities of ₹ 38.42 crore has been recognised as Deemed Investment in PRPL in the standalone financial statements of the Holding Company. Further, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, was recognised in the Statement of Profit and Loss and presented as an exceptional item. The accounting treatment with respect to the derecognition of the novated debt and assigned assets as well as the recognition of the deemed investment and resulting gain due to revision of terms of facilities involved exercise of significant judgement by management and managements expert. Considering the complexities involved and material impact on the consolidated financial statement for the current year, this area has been considered as key audit matter.	
(b) Recognition of contract revenue, margin and contract costs (Refer note 26 to the consolidated financial statements)	
The Group's revenue primarily arises from construction contracts which, by its nature, is complex given the significant judgements involved in the assessment of current and future contractual performance obligations. The Group recognizes contract revenue and the resultant profit/ loss on the basis of stage of completion determined based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of contract revenue and the resultant profit/ loss therefore rely on estimates in relation to forecast revenue and forecast contract costs. These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise judgement in its assessment of the transaction price (i.e.revenue on contracts) which may also include variable considerations that are recognised when the recovery of such consideration is highly probable. The judgment is also required to be exercised to assess the completeness and accuracy of forecast costs to complete.	Our audit procedures to address this key audit matter included, but were not limited to the following: • Obtained an understanding of the Group's revenue recognition processes and evaluated the appropriateness of the Group's accounting policy for revenue recognition in accordance with Ind AS 115 – Revenue from contracts with customers. • Evaluated the design and tested the operating effectiveness of key internal financial controls including those related to estimation of forecasted contract revenue and contracts costs; • For a sample of contracts, performed the following procedures: – inspected the underlying documents such as customer contract/ agreement and variation orders, if any, for the significant contract terms and conditions; – evaluated the identification of performance obligations of the contract;

Key audit matter	**How our audit addressed the key audit matter**
Changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margins. As a result of the above judgments, complexities involved and material impact on the related financial statement elements, this area has been considered a key audit matter in the audit of the consolidated financial statements.	- obtained an understanding of and evaluated the reasonableness of the assumptions applied in determining the forecasted revenue and cost to complete; - tested the existence and valuation of variable consideration with respect to the contractual terms and conditions and inspected the correspondence with customers; and - reviewed the legal and contracting experts' note and/ or legal opinion from independent legal counsel obtained by the management, if any; - For cost incurred to date, tested samples to appropriate supporting documents and performed cut-off procedures; - Tested the forecasted cost by obtaining executed purchase orders/ agreements/ relevant documents and evaluated the reasonableness of management judgements/ estimates; and • Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the consolidated financial statements in accordance with the applicable accounting standards.
(c) Uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables (Refer note 38 of the consolidated financial statements)	
The Holding Company, as at 31 March 2023, has unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 602.33 crore, ₹ 255.69 crore and ₹ 57.52 crore, respectively, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. The Holding Company is at various stages of negotiations/ discussions / arbitration/ litigation with the customers in respect of the aforementioned receivables. Management, based on contractual tenability, progress of the negotiations/ discussions/ arbitration/ litigation and relying on the legal opinion obtained from independent legal counsel in certain cases, has determined that no provision is required to be recognised for the aforementioned receivables. Considering the materiality of the amounts involved, uncertainty associated with the outcome of the negotiations/ discussions/ arbitration/ litigation and significance of management judgement involved in assessing the recoverability, this was considered to be a key audit matter in the audit of the consolidated financial statements.	Our audit procedures included, but were not limited to, the following: • Obtained an understanding of the management process and evaluated the design and tested the effectiveness of key internal financial controls for assessing the recoverability of unbilled work-in-progress (contract assets) and trade receivables. • Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of these receivables and validated them with corroborating evidence; • Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables; • Obtained an understanding of the current period developments for respective receivables pending at various stages of negotiations/ discussions/ arbitration/ litigation and corroborated the updates with relevant underlying documents. WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Further, the aforementioned matter as fully explained in Note 38 to the consolidated financial statements is also considered fundamental to the user's understanding of the consolidated financial statements.</td><td>• Reviewed the legal and contractual experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters; and

• Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.</td></tr>
<tr><td colspan="2">(d) Assessment of going concern basis of accounting (Refer Note 2(v)(a) to the consolidated financial statements)</td></tr>
<tr><td>The Group has incurred continued losses in the previous years, resulting in substantial erosion of its net worth. Further, the Holding Company was also in continued default on payment to its lenders and had overdue payments to operational creditors of which certain creditors also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, however, none of which have been admitted so far.

During the current year, the Holding Company has successfully implemented the debt resolution plan as explained in Note 34.1 to the consolidated financial statements. Consequently, the Holding Company is no longer in default in repayment of dues to its lenders as at 31 March 2023. Management has prepared future cash flow forecasts to assess the Group ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern.

We have considered the assessment of management's evaluation of Group's ability to continue as a going concern as a key audit matter for the current year audit due to the pervasive impact thereof on the consolidated financial statements and the significant management judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and determination of the overall conclusion by the management.</td><td>Our audit procedures included but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting:

• Obtained an understanding of the process followed by management for assessing the Group's ability to continue as a going concern. Also, obtained an understanding around the methodology adopted by the Group to assess their future business performance including the preparation of a cash flow forecast for the business;

• Evaluated the design and tested the operating effectiveness of key controls relating to management's assessment of going concern;

• Obtained from management, the projected cash flows for the next twelve months basis their future business plans;

• Inspected the relevant underlying documents for assessing the appropriateness of projected cash flow for the next 12 months;

• Tested the appropriateness of the key assumptions used by the management that had the most material impact on the cash flow forecasts and discussed these assumptions with the management and with those charged with governance;

• Performed independent sensitivity analysis to test the impact of the variations on the cash flows due to change in the key assumptions;

• In addition to above procedures performed by us, the component auditor of Steiner AG, a wholly-owned subsidiary of the Group, has obtained and reviewed the weekly liquidity measures undertaken by such component and obtained amendment to the bank syndicated agreement; and

• Assessed the appropriateness and adequacy of the disclosures, in respect of use of going concern assumption for preparation of consolidated financial statement in accordance with the applicable accounting standards.</td></tr>
</table>

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Information other than the Consolidated Financial Statements and Auditor's Report thereon

10. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board Report, Report on Corporate Governance and Management Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for Qualified Opinion section above, the modification pertains to realisability of net deferred tax assets recognised by the Holding Company. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

11. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, and its associate companies and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

12. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

13. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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15. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associates and joint ventures, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

19. We did not audit the financial statements of twenty-seven (27) subsidiaries, whose financial statements reflects total assets of ₹ 7,302.70 crore and net liabilities of ₹ 93.06 as at 31 March 2023, total revenues of ₹ 4,993.41 crore and net cash outflows amounting to ₹ 263.20 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 5.08 crore fo[illegible] March 2023, as considered in the consolidated financial statements, in respect of four (4) associa[illegible]nture, whose financial statements have not been audited by us. These financial statements have [illegible]uditors whose reports have been furnished to us by the

management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

20. We did not audit the financial statements of eight (8) joint operations, whose financial statements reflects total assets of ₹ 265.14 crore and net assets of ₹ 66.65 as at 31 March 2023, total revenues of ₹ 362.09 crore and net cash outflows amounting to ₹ 8.08 crore for the year ended on that date, as considered in the financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint operations, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations are based solely on the reports of the other auditors.

    Further, of these joint operations, the financial statements of five (5) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Holding Company's management has converted the financial statements of such joint operations in accordance with Ind AS and other accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these joint operations is based on the audit report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

21. We did not audit the financial statements of one (1) subsidiary, whose financial statements reflect total assets of ₹ 39.61 crore and net asset of ₹ 5.45 crore as at 31 March 2023, total revenues of ₹ 2.48 crore and net cash inflow amounting to ₹ 0.17 crore for the year then ended, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit (including other comprehensive income) of ₹ 4.51 crore for the year ended 31 March 2023, as considered in the consolidated financial statements in respect of one (1) associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, is so far as it relates to the amounts and disclosures included in respect of aforesaid subsidiary and associate, is based solely on such unaudited financial statements. In our opinion, and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

22. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 19, on separate financial statements of the subsidiaries, associates and joint ventures, we report that the Holding Company incorporated in India, whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

    Further, we report that seventeen (17) subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.

23. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 19 above, of companies included in the consolidated financial statements and covered under the Act refer Annexure II for details of qualifications and/ or adverse remarks given by respective auditors in the O companies. The annexure also separately contains

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details of those companies included in the consolidated financial statements and covered under the Act for which the respective Order reports as required under Section 143(11) of the Act have not yet been issued.

24. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

a) We have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion section with respect to the financial statements of the Holding Company.

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) Except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) The matter described in paragraph 3 of the Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Holding Company; paragraph 5 of the Emphasis of Matter section, may have an adverse effect on the functioning of Steiner AG (a step-down subsidiary of the Holding Company); and paragraph 7 of the Emphasis of Matter section may have an adverse effect on the functioning of HREL Real Estate Limited (a subsidiary of the Holding Company).

f) On the basis of the written representations received from the directors of the Holding Company, its subsidiary companies and taken on record by the Board of Directors of the Holding Company, its subsidiary companies and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies, covered under the Act, none of the directors of the Group companies, its associate companies and joint venture companies, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.

g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 3 of the Basis for Qualified Opinion section with respect to the Holding Company;

h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure III' wherein we have expressed a modified opinion; and

i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures incorporated in India, whose financial statements have been audited under the Act:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed in notes 7.1, 36, 37, 38 and 40 to the consolidated financial statements;

   ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 22.2 to the consolidated financial statements;

   iii. there were no amounts which were [illegible] transferred to the Investor Education and Protection Fund by the Holding Company, and [illegible]ies, associate companies and joint venture companies covered under the Act, during th[illegible]ch 2023;

iv.

a. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 53(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associate companies or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries.

b. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in the note 53(vi) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, associates and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Holding Company, its subsidiary companies, associate companies and joint venture companies have not declared or paid any dividend during the year ended 31 March 2023.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 23101797BGXFAC2333

Place: Mumbai
Date: 18 May 2023

Annexure I to the Independent Auditor's Report
(Referred to in paragraph 1 of our report of even date)

List of entities included in the consolidated financial statements

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

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

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

Annexure II to the Independent Auditor's Report
(Referred to in paragraph 23 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

A) Followings are the qualifications/ adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2023 for which such Order reports have been issued till date and made available to us:

Sr No	Name of the entity	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Hindustan Construction company Limited	L45200MH1926PLC001228	Holding Company	Clause (ii)(b), (vii)(a), (ix)(e),
2	Western Securities Limited	U67120MH1985PLC037511	Subsidiary	Clause (iii)(b), (iii)(c) (iii)(d), (iii)(e), (iii)(f) and (iv)
3	HREL Real Estate Limited	U70100MH2005PLC154004	Subsidiary	Clause (iii)(b), (iii)(c), (vii)(a) and (xix)
4	Panchkutir Developers Limited	U45201MH2006PLC165073	Subsidiary	Clause (iii)(b), (iii)(c) and (vii)(a)
5	HCC Infrastructure Company Limited	U45400MH2010PLC210944	Subsidiary	Clause (iii)(c)
6	HRL Township Developers Limited	U45201MH2006PLC163478	Subsidiary	Clause (iii)(b) and (iii)(c)
7	Maan Township Developers Limited	U45200MH2007PLC167462	Subsidiary	Clause (iii)(b) and (iii)(c)
8	HCC Aviation Limited	U63033MH2008PLC182384	Subsidiary	Clause (iii)(b) and (iii)(c)
9	Badarpur Faridabad Tollways Limited	U45203MH2008PLC184750	Subsidiary	Clause (xix)
10	Raiganj-Dalkhola Highways Limited	U45400MH2010PLC200734	Subsidiary	Clause (ix)(a)

B) Following are the companies included in the consolidated financial statements for the year ended 31 March 2023 audited by other auditor, for which the reports under section 143(11) of such companies have not yet been issued by the other auditor, as per information and explanation given to us by the management in this respect:

Sr No	Name of the entity	CIN	Subsidiary/ Associate/ Joint Venture
1	Steiner India Limited	U45203MH2011FLC221029	Subsidiary

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure III to the Independent Auditor's Report of even date to the members of Hindustan Construction Company Limited on the consolidated financial statements for the year ended 31 March 2023

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Group's internal financial controls with reference to financial statements as at 31 March 2023:

   The Holding Company's internal financial system with respect to assessing the recoverability of deferred tax assets, as explained in Note 10.1 to the consolidated financial statements were not operating effectively, which could potentially lead to a material misstatement in the carrying amount of deferred tax assets and its consequential impact on the earnings, other equity and related disclosures in the consolidated financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

10. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies; the Holding Company, subsidiary companies and associate companies which are companies covered under the Act has, in all material respects, adequate internal financial controls with reference to consolidated financial statements as at 31 March 2023, based on internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Group's internal financial controls with reference to financial statements were operating effectively as at 31 March 2023.

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group and its associate company, which are companies covered under the Act, as at and for the year ended 31 March 2023, and these material weaknesses have affected our opinion on the consolidated financial statements of the Group, and its associate companies and we have issued a qualified opinion on the consolidated financial statements.

Other Matters

12. We did not audit the internal financial controls with reference to financial statements in so far as it relates to seventeen (17) subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 3,787.54 crore and net liabilities of ₹ 469.42 crore as at 31 March 2023, total revenues of ₹ 614 crore and net cash flow amounting to ₹ 10.24 crore for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this m[illegible] to our reliance on the work done by and on the reports of the other auditors.

13. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one (1) subsidiary, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 39.61 crore and net assets of ₹ 5.45 crore as at 31 March 2023, total revenues of ₹ 2.48 crore and net cash inflows amounting to ₹ 0.17 crore for the year ended on that date; and one (1) associate companies, which is a company covered under the Act, in respect of which, the Group's share of net profit (including other comprehensive income) of ₹ 4.51 crore for the year ended 31 March 2023 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of this subsidiary company and associate company, which are companies covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid subsidiary and associate company, which are companies covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such companies. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

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

Shashi Tadwalkar
Partner
Membership No.: 101797

UDIN: 23101797BGXFAC2333

Place: Mumbai
Date: 18 May 2023

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2023
(Amount in ₹ crore, unless otherwise stated)

	Note No.	As at 31 March 2023	As at 31 March 2022 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	3A	358.09	436.23
Right-of-use assets	3B	186.80	217.61
Capital work-in progress	3C	6.12	0.68
Investment property	4	2.84	2.79
Goodwill	5	3.38	3.38
Other intangible assets	5	72.10	62.54
Investments in associates and joint ventures	6	59.66	20.47
Financial assets			
Other investments	6A	19.11	37.90
Trade receivables	7	610.12	236.75
Loans	8	42.26	57.32
Other financial assets	9	3,118.45	18.08
Deferred tax assets (net)	10	782.02	742.68
Non-current tax assets (net)	10	117.46	121.84
Unbilled work-in-progress (contract assets)	16	-	24.66
Other non-current assets	11	117.56	67.90
Total non-current assets		5,549.97	2,049.45
Current assets			
Inventories	12	490.52	484.84
Financial assets			
Investments	13	0.70	0.68
Trade receivables	7	2,180.68	2,090.98
Cash and cash equivalents	14	581.91	720.97
Bank balances other than cash and cash equivalents	15	571.63	821.42
Other financial assets	9	96.93	93.42
Unbilled work-in-progress (contract assets)	16	3,442.44	3,921.48
Other current assets	11	262.96	322.98
		7,627.77	8,456.73
Assets held for sale	17	2.19	3,719.00
Total current assets		7,629.96	12,175.73
TOTAL ASSETS		13,179.93	14,225.18
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	151.31	151.31
Other equity	19	(865.69)	(810.45)
Equity attributable to owners of the parent		(714.38)	(659.14)
Non-controlling interest		0.00 *	0.00 *
Total equity		(714.38)	(659.14)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	4,851.11	1,178.47
Lease liabilities	41	185.70	197.67
Other financial liabilities	21	1,708.73	1,554.89
Provisions	22	126.66	111.96
Deferred tax liabilities (net)	10	-	31.45
Total non-current liabilities		6,872.22	3,074.44
Current liabilities			
Financial liabilities			
Borrowings	20	443.41	612.71
Lease liabilities	41	31.35	29.16
Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		134.67	80.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,856.54	2,978.54
Other financial liabilities	21	858.67	1,417.02
Other current liabilities	24	2,068.53	2,444.91
Current tax liabilities	10	8.97	1.24
Provisions	22	881.94	479.20
		7,022.08	8,042.77
Liabilities held for sale		-	3,767.11
Total current liabilities		7,022.08	11,809.88
TOTAL EQUITY AND LIABILITIES		13,179.93	14,225.18

* Represents amount less than ₹ 1 lakh

The accompanying notes are an integral part of the consolidated financial statements

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2023

This is the Consolidated Balance Sheet referred to in our audit report of even date

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

Shashi Tadwalker
Partner
Membership No : 101797

MUMBAI
WALKER CHANDIOK & CO LLP
CHARTERED ACCOUNTANTS

Place. Mumbai
Date 18 May 2023

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN 03644691

Arjun Dhawan
Vice Chairman
DIN 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN 08198165

Nitesh Jha
Company Secretary
FCS No 8436

Place. Mumbai
Date 18 May 2023

Hindustan Construction Company Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

	Note No.	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Continuing Operations			
Income			
Revenue from operations	26	9,926.59	10,668.26
Other income	27	85.74	160.20
Total income		10,012.33	10,828.46
Expenses			
Cost of materials consumed	28	1,003.44	865.06
Subcontracting expenses		6,833.06	7,112.78
Changes in inventories	29	(11.64)	(17.14)
Employee benefits expense	30	836.67	833.63
Finance costs	31	1,012.31	1,036.28
Depreciation and amortisation expense	32	120.85	130.34
Other expenses	33	611.53	696.21
Total expenses		10,420.74	10,657.05
Profit/ (Loss) before share of profit of associates/ joint ventures, exceptional items and tax		(408.41)	171.41
Share of profit of associates/ joint ventures (net)		9.80	5.21
Profit/ (Loss) before exceptional items and tax		(398.62)	176.62
Exceptional items - Gain	34	309.54	460.64
Profit/ (Loss) before tax		(89.08)	637.26
Tax expense / (credit)	10		
Current tax		8.30	26.78
Deferred tax		(70.70)	38.74
Total tax expense/ (credit)		(62.40)	65.52
Profit / (loss) for the year from continuing operations (A)		(26.68)	571.74
Discontinued Operations			
Profit/ (Loss) before tax from discontinued operations		(1.01)	4.07
Tax expense of discontinued operations		0.15	13.07
Loss from discontinued operations (after tax) (B)		(1.16)	(9.00)
Net profit / (loss) for the year from total operation (A) + (B)		(27.84)	562.74
Other comprehensive income / (loss)			
(a) Items that will not be reclassified to profit or loss (net of tax)			
- Gain/ (Loss) on remeasurement of defined benefit plans		(20.23)	82.49
- Gain on fair value of equity instruments		0.63	7.09
(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)			
- Translation loss relating to foreign operations		(6.16)	(4.51)
Total other comprehensive income / (loss) for the year, net of tax (C)		(25.76)	85.07
Total comprehensive income / (loss) for the year, net of tax (A+B+C)		(53.60)	647.81
Profit / (loss) for the year attributable to:			
Owners of the parent		(27.84)	562.74
Non controlling interest		(0.00)*	0.00*
Other comprehensive income / (loss) for the year attributable to:			
Owners of the parent		(25.76)	85.07
Non-controlling interest		(0.00)*	0.00*
Total comprehensive income / (loss) for the year attributable to:			
Owners of the parent		(53.60)	647.81
Non-controlling interest		(0.00)*	0.00*
Earnings / (Loss) per share (Face value of ₹ 1 each) - for continuing operations			
a) Basic EPS (in ₹)	35	(0.18)	3.78
b) Diluted EPS (in ₹)		(0.18)	3.78
Earnings / (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
a) Basic EPS (in ₹)	35	(0.01)	(0.06)
b) Diluted EPS (in ₹)		(0.01)	(0.06)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations			
a) Basic EPS (in ₹)	35	(0.19)	3.72
b) Diluted EPS (in ₹)		(0.19)	3.72

* Represents amount less than ₹ 1 lakh

The accompanying notes are an integral part of the consolidated financial statements

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2023

This is the Consolidated Statement of Profit and Loss referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No.: 101797

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Arjun Dhawan
Vice Chairman
DIN : 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 18 May 2023

Place: Mumbai
Date: 18 May 2023

Hindustan Construction Company Limited

Consolidated Cash Flow Statement for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax including discontinued operations	(80.16)	641.33
Adjustments for:		
Depreciation and amortisation expense	128.55	138.34
Finance costs	1,012.31	1,038.26
Interest income	(20.95)	(33.00)
Fair valuation gain on subsequent measurement of financial assets	(248.55)	-
Gain on implementation of debt resolution plan of the holding company	(223.30)	-
Gain on settlement of debt	(43.96)	(134.35)
Gain on deconsolidation of an erstwhile subsidiary	(142.48)	-
Share of profit of associates and joint ventures	(9.59)	(5.21)
Dividend income	(4.57)	(1.14)
Unrealised exchange gain on foreign currency translation (net)	(4.18)	(3.92)
Profit on disposal of property, plant and equipment (net)	(2.89)	(2.36)
Loss allowance on financial assets	29.72	16.90
Provision no longer required written back	(50.14)	(23.43)
	419.97	988.09
Operating profit before working capital changes	329.81	1,629.42
Adjustments for changes in working capital:		
Increase in inventories	(5.68)	(5.24)
Increase in trade receivables	(239.57)	(37.64)
Decrease in other financial assets, other assets and unbilled work-in-progress	145.20	97.42
Decrease in trade payables, other financial liabilities, other liabilities and provisions	(217.83)	(652.96)
Cash generated from operations	11.93	1,031.01
Direct taxes paid/ (refunded) (net)	4.98	(84.38)
Net cash generated from operating activities	16.91	946.63
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(215.37)	(89.25)
Proceeds from disposal of property, plant and equipment	9.47	34.30
Proceeds from sale of investments	5.69	-
Investments in associates	(29.60)	-
Net proceeds from / (investments in) bank deposits	250.06	(201.04)
Interest received	25.89	29.82
Proceeds from sale of an erstwhile subsidiary	373.99	-
Dividend received	4.57	1.14
Net cash generated from / (used in) investing activities	424.70	(225.03)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(175.43)	(734.01)
(Repayment of) / Proceeds from short-term borrowings (net)	(26.00)	519.08
Repayment of lease obligations	(9.77)	(19.01)
Finance costs paid	(391.90)	(426.01)
Net cash generated used in financing activities	(603.10)	(659.95)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(161.49)	61.65
Cash and cash equivalents at the beginning of the year	720.97	642.13
Unrealised foreign exchange gain on cash and cash equivalents (net)	22.43	17.19
Cash and cash equivalents at the end of the year (Refer note 14)	581.91	720.97

Notes :

1) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows.

2) Additions include movements of capital work-in-progress, capital advances and liability for capital goods, including intangible assets

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Consolidated Cash Flow Statement for the year ended 31 March 2023

This is the Consolidated Cash Flow Statement referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

Arjun Dhawan
Vice Chairman
DIN : 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Nitesh Jha
Company Secretary
FCS No. 8438

Place: Mumbai
Date: 18 May 2023

Place: Mumbai
Date: 18 May 2023

Hindustan Construction Company Limited

Consolidated Statement of Change in Equity for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

a) Equity share capital (equity shares of ₹ 1 each)

Particulars	Issued, subscribed and paid-up	
	Number	Amount
As at 1 April 2021	1,512,976,244	151.31
Issued during the year	-	-
As at 31 March 2022	1,512,976,244	151.31
Issued during the year	-	-
As at 31 March 2023	1,512,976,244	151.31

b) Other equity

Particulars	Reserves and surplus								Other comprehensive income		Non-controlling interest		Total equity attributable to equity holders
	Capital reserve	Forfeited debentures account	Securities premium	Share option outstanding reserve	Debenture redemption reserve	Foreign currency monetary translation reserve	General reserve	Retained earnings	Equity instruments at fair value through other comprehensive income	Translation loss relating to foreign operation (net)			
As at 1 April 2021	31.49	0.82	2,850.87	-	54.99	(0.24)	180.24	(4,219.36)	(18.63)	(147.56)	0.00	*	(1,488.18)
Profit for the year	-	-	-	-	-	-	-	962.74	-	-	-		962.74
Other comprehensive income for the year	-	-	-	-	-	-	-	82.49	7.09	(4.51)	-		85.07
Impact of business combination (Refer note 61)	8.21	-	-	-	-	-	-	-	-	-	-		8.21
Restatement of foreign currency monetary translation items						3.84							3.84
Amortisation of foreign currency monetary translation items	-	-	-	-	-	(2.13)	-	-	-	-	-		(2.13)
As at 31 March 2022	39.70	0.82	2,850.87	-	54.99	1.47	180.24	(3,174.13)	(11.54)	(152.07)	0.00	*	(511.41)
Loss for the year	-	-	-	-	-	-	-	(27.84)	-	-	-		(27.84)
Other comprehensive loss for the year	-	-	-	-	-	-	-	(20.23)	0.83	(6.30)	-		(25.70)
Restatement of foreign currency monetary translation items	-	-	-	-	-	1.61	-	-	-	-	-		1.61
Share based payment expense	-	-	-	0.00 *	-	-	-	-	-	-	-		0.00
Amortisation of foreign currency monetary translation items						(3.13)							(3.13)
As at 31 March 2023	39.70	0.82	2,850.87	0.00	54.99	(0.05)	180.24	(3,222.20)	(10.71)	(158.37)	0.00	*	(563.63)

* Represents amount less than ₹ 1 lakh

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

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Consolidated Statement of Change in Equity for the year ended 31 March 2023

This is the consolidated statement of Changes in Equity referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No.: 101797

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman
DIN : 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN : 03644691

MUMBAI
WALKER CHANDIOK & CO LLP
CHARTERED ACCOUNTANTS

Arjun Dhawan
Vice Chairman
DIN : 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Nitesh Jha
Company Secretary
FCS No. 8436

Place: Mumbai
Date: 18 May 2023

Place: Mumbai
Date: 18 May 2023

Note 1 Corporate Information

Hindustan Construction Company Limited (the "Holding Company", "Parent" or "HCC") is a public limited company incorporated and domiciled in India. The Company having CIN L45200MH1926PLC001228, is principally engaged in the business of providing engineering and construction services. Its shares are listed on two recognised stock exchanges in India - the Bombay Stock Exchange and the National Stock Exchange. The registered office of the Company is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India.

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and joint arrangements. The Group is principally engaged in the business of providing engineering and construction services. These consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2023 were authorised for issue in accordance with resolution of the Board of Directors on 18 May 2023.

Note 2.1 Significant accounting policies

I. **Basis of preparation**

The financial statements of the Group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities and share based payments which have been measured at fair value, on an accrual basis of accounting.

The Group's financial statements are reported in Indian Rupees, which is also the Group's functional currency, and all values are presented in ₹ crore (INR 0,000,000), except when otherwise indicated. Amount presented as "0.00" * are non zero numbers rounded off in crore.

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to Act. The statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with other notes required to be disclosed under the notified Ind AS and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

II. **Operating cycle for current and non-current classification**

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Group as per the guidance set out in Schedule III to the Act. Operating cycle is the time between the acquisition of resources / assets for processing their realisation in cash and cash equivalents. Operating cycle for the business activities of the Group covers the duration of the project / contract / service including the defect liability period, wherever applicable, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

III. **Principles of consolidation**

The financial statements have been prepared on the following basis

a. **Subsidiaries**

- The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.
- The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line by line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.
Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests and have been shown separately in the financial statements.

- Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.
- The gains/ losses in respect of part divestment/ dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Company.
- The gains/ losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset.

b. **Investments in joint venture and associates**

When the Group has with other parties joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises such interests as associates. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint venture and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever applicable. An investment in associate or joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture or associate. Gain or loss in respect of changes in other equity of joint ventures or associates resulting in dilution of stake in the joint ventures and associates is recognised in the Statement of Profit and Loss. On acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. The excess of fair value of assets and liabilities over the investment is recognised directly in equity as capital reserve. The unrealised profits/ losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity

c. **Interests in joint operations**

In accordance with Ind AS 111 - Joint Arrangements, when the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Parent Company and its subsidiaries are combined for consolidation

d **Business combination / Goodwill on consolidation**

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date

The excess of the
- Consideration transferred,
- Amount of any non controlling interest in the acquired business, and
- Acquisition date fair value of any previous equity interest in the acquired business

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve

Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity

e. Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements

iv. **Accounting estimates**

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined

v. **Key accounting estimates and assumptions**

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements

a. **Going concern**

The Group in earlier years has incurred significant losses resulting in full erosion of net worth. Further, the Holding Company was also in default on payment to its lenders and also had overdue payments to operational creditors of which certain creditors also applied before National Company Law Tribunal ('NCLT') for debt resolution under Insolvency and Bankruptcy Code, 2016, none of which were admitted. During the current year, the Holding Company has successfully novated specified debt of lenders aggregating ₹ 2,855.68 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Group, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,884.11 crore in favor of PRPL. Consequently, the Holding Company is not in default in repayment of dues to its lenders as at 31 March 2023

Based on the above and considering the future business plans, including time-bound monetization of assets, the management has prepared the future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern

b. **Contract estimates**

Refer note 2(xxii) below

c. **Variable consideration (Claims)**

The Group has claims in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc., which are at various stages of negotiation/ discussion/ arbitration/ litigation with the clients. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and/or external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims

d **Deferred tax assets**

The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws

Based on the projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

e. Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

f. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group revises the lease term if there is a change in non-cancellable period of a lease.

g. Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

vi. Fair value measurement

The Group measures financial instruments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

vii. Property, plant and equipment (Tangible assets)

Property, plant and equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to Property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

viii. Capital work-in-progress

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

ix. Investment property

Investment properties are held to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are [illegible]

Though the Group measures investment [illegible]sed measurement, the fair value of investment property is disclosed in the notes. Fair values are determined on an annual evaluation based on the reckoner value with the main inputs being comparable transactions and industry data.

Depreciation on investment properties (building) is provided on the straight-line method, computed on the basis of useful lives as prescribed in Schedule II to the Act i.e. 60 years. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year and the effect of any change in the estimates of useful lives/residual value is accounted on prospective basis.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

x. **Intangible assets**

Intangible assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets mainly comprise of toll roads and computer software. Computer software represents license fees and implementation cost for software and other application software acquired / developed for in house use.

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as Consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

xi. **Non-current assets or disposal group held for sale**

Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

xii **Depreciation and amortisation**

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives. The useful lives are as per Schedule II to the Act except in case of certain assets, where the useful life is based on technical evaluation by management.

Asset category	Useful life (in years)
Building and sheds	3 to 60
Leasehold improvements	As per the period of lease or estimated useful life determined by management's expert whichever is lower
Plant and equipment	2 to 14
Furniture fixtures and office equip	5 to 10
Vehicles	3 to 12
Speed boat	13
Computers	3
Intangible assets	3 to 5

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation on additions is provided on a pro rata basis, from the date on which asset is ready to use.
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income or Other expenses.

xiii. **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a **Financial assets**

i) **Initial recognition and measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

- **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the Effective Interest Rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

- **Financial assets measured at fair value through Other Comprehensive Income**

Financial assets are measured at Fair Value through Other Comprehensive Income ("FVOCI") if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Group has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Group on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.

- Financial assets measured at fair value through profit or loss (FVTPL)

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss

iii) Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. after all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

iv) De-recognition of financial assets

The Group de recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

b Equity instruments and financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

ii) Financial liabilities

- Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

- Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

- Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Where the Group issues optionally convertible debentures, the fair value of the liability portion of such debentures is determined using a market interest rate for an equivalent non convertible debenture. This value is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the debentures. The remainder of the proceeds is attributable to the equity portion of the instrument. This is recognised and included in shareholders' equity (net of income tax) and are not subsequently re measured.

Where the terms of a financial liability is re-negotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss, measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

- Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

- De recognition of financial liabilities

Financial liabilities are de recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

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c Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

xiv Employee benefits

a. Defined contribution plan

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund and superannuation scheme are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund contribution, in respect of certain employees of the Company and its Indian subsidiaries is made to a government administered fund, and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further obligations beyond the monthly contributions.

b. Defined benefit plan

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. Accordingly, the contribution paid or payable and the interest shortfall, if any, is recognised as an expense in the period in which services are rendered by the employee.

The Group also provides for gratuity which is a defined benefit plan the liabilities of which are determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Group's obligation into current and non-current is as per the actuarial valuation report.

In case of foreign subsidiaries, the post-employment benefit plan, in the form of a pension, qualify as defined benefit plans. For the purposes of determining the defined benefit obligation at the reporting date, the total defined benefit obligations, made by an independent actuary using the projected unit credit method, are compared to the fair value of the plan assets and resultant surplus or shortfall is recognised as an asset or liability, respectively. Re-measurement, comprising of actuarial gains and losses, in respect of the pension plan are recognised in the OCI, in the period in which they occur.

c. Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. However, as the Company does not have an unconditional right to defer settlement for these obligations, the above liabilities are presented as current. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

d. Short-term benefits

Employee benefits such as salaries, wages, bonus, incentive etc. falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the service.

xv. Contract assets

Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

xvi. Contract liabilities

Certification in excess of contract revenue are classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

xvii. Inventories

a. Construction materials, stores, spares and fuel

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Revenue from sale of scrap material is presented as reduction from cost of materials consumed in the Statement of Profit and Loss.

b. Land and development rights

Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of construction costs and net selling price.

c. Project work in progress

Land and construction / development expenses are accumulated under "Project work-in progress" and the same are valued at lower of cost or net realizable value.

Cost of land purchased / acquired by the Group includes purchase / acquisition price plus stamp duty and registration charges.

Construction / development expenditure includes cost of development rights, all direct and indirect expenditure incurred on development of land/ construction, attributable interest and financial charges and overheads relating to site management and administration less incidental revenues arising from site operations.

xviii. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

xix. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Group as one segment of "Engineering and Construction". Thus, as defined in Ind AS 108 "Operating Segments", the Group's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

xx. Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

xxi. Foreign exchange translation of foreign projects and accounting of foreign exchange transaction

a. Initial recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Group uses a monthly average rate if the average rate approximate is the actual rate at the date of the transactions

b. Conversion

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction

c. Treatment of exchange difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Translation Account" and amortised over the remaining life of the concerned monetary item

d. Translation of foreign operations

The Group presents the consolidated financial statements in INR. For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity

xxii. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented with other income

xxiii. Revenue recognition

a. Revenue from construction contracts

The Group evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met

- As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity's performance
- The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party and is adjusted for variable considerations

Advance payments received from contractee for which no services are rendered are presented as 'Advance from contractee'

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgment. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price

The Group presents revenues net of indirect taxes in its Statement of Profit and Loss

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred

b. Software development and servicing revenue

Revenue from software development on fixed price, fixed time frame contracts, including system development and integration contracts, where there is no uncertainty as to measurement or collectability is recognized as per percentage of completion method. Revenue from last billing date to the Balance Sheet date is recognized as unbilled revenue. Stage of completion is measured by reference to the proportion that service cost incurred for work performed to date bears to the estimated total service cost. Service cost incurred to date excludes costs that relate to future activity on the contract. Such costs are recognised as an asset and are classified as unbilled revenue as due from customers

Servicing revenue is recognized over the term of servicing contract. For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided

Time and material contracts is recognized as and when the related services are provided

Annual maintenance service contracts are recognized proportionately over the period in which services are rendered

Revenue from sale of user licenses for software applications is recognized on transfer of the title/product, in accordance with the sales contract. Revenue from product sales are shown as net of all applicable taxes and discounts

c. **Interest on arbitration awards**
Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Group has received or expects to receive on favourable arbitration awards

d. **Fair valuation gain on subsequent measurement of financial assets**
The Group recognises the changes in the fair value of the financial assets held through profit and loss account in the statement of profit and loss. At each reporting date the entity carries out fair value assessment of the financial assets in accordance with the principles laid down in Ind AS 113 – Fair Value Measurement through a registered valuer and on the basis of the fair valuation report recognizes the accretion to the carrying value of the Financial Assets held through profit and loss account in its other operating income

xxiv. **Other Income**

a. **Interest income**

Interest income (other than interest on income tax refund) is accrued on a time proportion basis, by reference to the principal outstanding and the applicable Effective Interest Rate (EIR)

b. **Dividend Income**

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend

c. **Other Income**

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably

d. **Rental income**

Rent is recognised on time proportionate basis

e. **Finance and other income**

Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis

xxv. **Income tax**

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively

a. **Current tax**

Current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Group as at 31 March 2023 continues to follow the Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment

b. **Deferred tax**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied

- When the Group is able to control the timing of the reversal of the temporary difference, and
- it is probable that the temporary difference will not reverse in the foreseeable future

In assessing the recoverability of deferred tax assets, the Group relies on the forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws

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xxvi. Leases

The Group's lease asset classes primarily consist of leases for vehicles, building and shed. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

At the date of the commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets have been separately presented in the Balance Sheet and the Lease liability is presented under Other financial liabilities. Further, lease payments have been classified as financing cash flows.

xxvii. Impairment of non-financial assets

As at each Balance Sheet date, the Group assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Group determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xxviii. Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the EIR method, less provision for impairment. Trade receivables ageing has been presented based on the due date of payment.

xxix. Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method. Trade payables ageing has been presented based on the due date of payment.

xxx. Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the parent by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the parent and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xxxi. Provisions, contingent liabilities, contingent assets and commitments

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

xxxii. Provision for warranty

In case of real estate projects of a subsidiary, the estimated liability for warranty is recorded on the building and its components during the construction period. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions during the construction period under warranty phase.

xxxiii. Treasury shares

Treasury shares represents own equity instruments reacquired by the Holding Company or other members of the Consolidated Group, which are deducted from the equity of the acquiring entity. Treasury shares held is disclosed separately in the financial statements.

xxxiv. Share issue expenses

Share issue expenses are charged off against available balance in the Securities premium.

xxxv. Share based payments

Share based compensated benefits are provided to certain grades of employees in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the instrument given to employees is recognised as 'employee benefits expenses' with a corresponding increase in equity over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

xxxvi. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

xxxvii. Dividend

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

Note 2.2 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 - Financial Instruments

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

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(Amount in ₹ crore, unless otherwise stated)

Note 3A Property, plant and equipment

Particulars	Freehold land	Building and sheds	Leasehold improvements	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Speed boat	Computers	Total
Gross carrying value (at deemed cost)									
As at 1 April 2021	32.41	108.18	2.78	972.86	91.43	58.81	1.84	7.43	1,276.86
Additions	-	-	-	8.08	0.22	3.38	-	0.48	12.16
Disposals	-	-	-	(167.93)	(0.01)	(5.04)	-	-	(172.98)
Transferred from assets classified as held for sale (Refer note 17.2)	0.49	-	-	-	-	-	-	-	0.49
Transferred to assets held for sale (Refer note 17.4)	(0.61)	-	-	(0.50)	(0.40)	(0.61)	-	(0.17)	(2.29)
As at 31 March 2022	32.29	[illegible]	2.78	813.40	91.24	[illegible]	1.84	7.74	1,124.33
Additions	-	-	-	13.38	0.38	0.36	-	0.18	14.30
Disposals	-	-	-	(12.69)	-	(4.52)	-	-	(17.21)
Transferred to assets held for sale (Refer note 17.1)	(2.19)	-	-	-	-	-	-	-	(2.19)
As at 31 March 2023	30.10	108.15	2.78	813.20	91.83	53.33	1.84	7.94	1,110.22
Accumulated depreciation									
As at 1 April 2021	-	87.48	1.34	545.46	57.83	28.22	0.65	4.88	726.23
Depreciation charge	-	1.04	0.30	85.81	8.81	2.87	0.11	1.08	99.83
Accumulated depreciation on disposals	-	-	-	(137.51)	-	(3.53)	-	-	(141.04)
Transferred to assets held for sale (Refer note 17.4)	-	-	-	(0.09)	(0.37)	(0.43)	-	(0.17)	(1.06)
As at 31 March 2022	-	[illegible]	1.64	495.17	65.87	27.13	0.76	[illegible]	[illegible]
Depreciation charge	-	0.87	0.30	72.57	5.98	2.98	0.11	0.83	83.75
Accumulated depreciation on disposals	-	-	-	(7.28)	-	(3.37)	-	-	(10.65)
Adjustments (Refer sub note (iii))	-	-	-	-	(0.08)	-	-	-	(0.08)
As at 31 March 2023	-	[illegible]	1.94	[illegible]	71.36	26.74	0.87	6.63	757.13
Net carrying value									
As at 31 March 2022	32.29	20.10	1.14	318.72	25.32	30.42	0.20	1.94	439.23
As at 31 March 2023	30.10	19.13	0.84	294.12	19.85	26.60	0.17	1.27	358.89

Notes:

(i) Refer note 20 for information of property, plant and equipment pledged as security against borrowings of the Group

(ii) Refer note 36(B)(i) for disclosure of contractual commitments for acquisition of Property, plant and equipment

(iii) Adjustments represents exchange loss arising on long-term foreign currency monetary items

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Note 3B Right-of-use assets

Particulars	Buildings	Vehicles	Total
Gross carrying value			
As at 1 April 2021	305.77	0.94	306.71
Additions	2.16	-	2.16
Disposals	-	-	-
As at 31 March 2022	**307.93**	**0.94**	**308.87**
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2023	**307.93**	**0.94**	**308.87**
Accumulated depreciation			
As at 1 April 2021	60.07	0.87	60.94
Depreciation charge	30.25	0.07	30.32
Accumulated depreciation on disposals	-	-	-
As at 31 March 2022	**90.32**	**0.94**	**91.26**
Depreciation charge	30.81	-	30.81
Accumulated depreciation on disposals	-	-	-
As at 31 March 2023	**121.13**	**0.94**	**122.07**
Net carrying value			
As at 31 March 2022	217.61	-	217.61
As at 31 March 2023	**186.80**	-	**186.80**

Note:
Also refer note 41 for the Ind AS 116 - Leases and the related disclosures

Note 3C Capital work-in-progress ('CWIP')

Particulars	Amount
As at 1 April 2021	1.61
Additions	2.52
Transferred to property, plant and equipment	(3.45)
As at 31 March 2022	**0.68**
Additions	0.12
Transferred to property, plant and equipment	-
Written off during the period	(0.68)
As at 31 March 2023	**0.12**

CWIP ageing schedule

Particulars	As at 31 March 2023		As at 31 March 2022	
	Projects in progress	**Projects temporarily suspended**	Projects in progress	Projects temporarily suspended
Less than 1 year	0.12	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	0.68
Total	**0.12**	-	-	**0.68**

Notes:
i) Projects temporarily suspended represented expenses incurred for the construction of a sewage plant the construction of which has been abondoned and consequently written off.
ii) There are no projects which has exceeded its cost compared to its original plan.

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Note 4 Investment properties

Particulars	Land	Building	Total
Gross carrying value (at deemed cost)			
As at 1 April 2021	2.50	2.36	4.86
Additions	-	-	-
Disposals	-	-	-
Transferred to assets held for sale (Refer note 17.4)	(0.26)	-	(0.26)
As at 31 March 2022	**2.24**	**2.36**	**4.60**
Additions	-	-	-
Adjustment [Refer sub note (iii)]	0.07	-	0.07
Disposals	-	-	-
As at 31 March 2023	**2.32**	**2.36**	**4.67**
Accumulated depreciation			
As at 1 April 2021	-	1.78	1.78
Depreciation charge	-	0.03	0.03
As at 31 March 2022	-	1.81	1.81
Depreciation charge	-	0.03	0.03
As at 31 March 2023	-	**1.84**	**1.84**
Net carrying value			
As at 31 March 2022	2.24	0.55	2.79
As at 31 March 2023	**2.32**	**0.52**	**2.84**

Information regarding income and expenditure of investment properties

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Rental income derived from investment property	**0.50**	0.54
Direct operating expenses (including repairs and maintenance) generating rental income	**(0.08)**	(0.09)
Gain arising from investment properties before depreciation and indirect expenses	**0.42**	0.45
Less : Depreciation	**(0.03)**	(0.03)
Gain arising from investment properties before indirect expenses	**0.39**	0.42

Notes:

(i) The fair value of the investment properties held by the Group as at the Balance Sheet date is ₹ 15.04 crore (31 March 2022 : ₹ 15.80 crore)

(ii) The Group has assessed the above fair value of investment properties, however the valuation is not done by the registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017

(iii) Adjustments represents exchange loss arising on long-term foreign currency monetary items

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Note 5 Other intangible assets and goodwill

Particulars	Computer software	Other intangible assets	Total	Goodwill
Gross carrying value (at deemed cost)				
As at 1 April 2021	94.90	956.57	1,051.47	3.38
Additions	6.46	-	6.46	-
Transferred from intangible assets under development	-	57.19	57.19	-
Transferred to assets held for sale (Refer note 17.4)	-	(1,013.76)	(1,013.76)	-
Disposals	-	-	-	-
As at 31 March 2022	**101.36**	-	**101.36**	**3.38**
Additions	22.96	-	22.96	-
Disposals	-	-	-	-
As at 31 March 2023	**124.32**	-	**124.32**	**3.38**
Accumulated amortisation				
As at 1 April 2021	**30.76**	**243.45**	**274.21**	-
Amortisation charge	8.06	31.23	39.28	-
Transferred to assets held for sale (Refer note 17.4)	-	(274.68)	(274.68)	-
As at 31 March 2022	**38.82**	-	**38.82**	-
Amortisation charge	13.96	-	13.96	-
Adjustments	(0.55)		(0.55)	-
As at 31 March 2023	**52.22**	-	**52.22**	-
Net carrying value				
As at 31 March 2022	62.54	-	62.54	3.38
As at 31 March 2023	**72.10**	-	**72.10**	**3.38**

Note 5.1 Impairment testing for goodwill

Goodwill is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount is determined based on the fair value of the underlying net assets of the entity which are consistent from the external sources of information. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used which has been consistent from earlier periods. Based on the above, no impairment provision is considered necessary as the recoverable value exceeded the carrying value.

Note 5.2 Intangible asset under development

Particulars	Amount
As at 1 April 2021	38.79
Additions	116.34
Transferred to other intangible assets	(57.19)
Less: Transferred to assets held for sale (Refer note 17.4)	(97.94)
As at 31 March 2022	-
Additions	-
As at 31 March 2023	-

Intangible asset under development ageing

Particulars	As at 31 March 2023	As at 31 March 2022
Less than 1 year	-	97.94
Transferred to assets held for sale (Refer note 17.4)	-	(97.94)
Total	-	-

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	As at 31 March 2023	As at 31 March 2022
Note 6 Investments in associates and joint ventures		
Investments at cost		
i) in associates in India	20.49	15.97
ii) In associates outside India	39.17	4.50
iii) in joint venture outside India	0.00 *	0.00 *
Total Investments in associates and joint ventures	59.66	20.47

Detailed list of investments in associates and joint ventures

Investments at cost, unquoted and fully paid up		
i) In associates in India		
Highbar Technocrat Limited	20.49	15.97
99,940 (31 March 2022: 99,440) equity shares of ₹ 10 each		
	20.49	15.97
ii) In associates outside India		
Evostate AG	10.57	3.66
300 (31 March 2022: 300) equity shares of CHF 1,000 each		
Hegias AG (w.e.f. 18 August 2022)	27.19	-
7,082,160 (31 March 2022: Nil) shares of CHF 0.01 each		
MCR Managing Corp	1.41	0.84
30 (31 March 2022: 30) equity shares of CHF 1,000 each		
	39.17	4.50
iii) In joint ventures outside India		
Werkarena Basel AG	0.00 *	0.00 *
500 (31 March 2022: 500) equity shares of CHF 1,000 each		
	0.00 *	0.00 *
	59.66	20.47

* Represents amount less than ₹ 1 lakh

Note 6.1 The Group's share of profit/ (loss) of associates and joint ventures is as follows:

	As at 31 March 2023	As at 31 March 2022
From associates		
Highbar Technocrat Limited	21.49	16.98
Evostate AG	(8.89)	(16.50)
Hegias AG	(3.04)	-
MCR Managing Corp	3.64	3.13
From joint venture		
Werkarena Basel AG	0.00 *	0.00 *
	13.20	3.61

* Represents amount less than ₹ 1 lakh

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Note 6A Other investments

	As at 31 March 2023	As at 31 March 2022
I. Investments in debentures	-	15.46
II. Other investments in equity shares at fair value through Other Comprehensive Income		
In India	18.47	19.67
Outside India	0.64	2.77
Total other investments	**19.11**	**37.90**

Detailed list of other investments

I. Investments in debentures

	As at 31 March 2023	As at 31 March 2022
Farakka Raiganj Highways Limited Nil (31 March 2022 - 1,058,765,172) non convertible debentures	-	15.46
	-	15.46

II. Other investments in equity shares at fair value through Other Comprehensive Income

In India

	As at 31 March 2023	As at 31 March 2022
Khandwala Securities Limited 3,332 (31 March 2022: 3,332) equity shares of ₹ 10 each, fully paid - quoted	0.01	0.01
Housing Development Finance Corporation Limited 15,220 (31 March 2022: 15,220) equity shares of ₹ 2 each, fully paid - quoted	4.00	3.64
HDFC Bank Limited 5,000 (31 March 2022: 5,000) equity shares of ₹ 1 each, fully paid - quoted	0.81	0.73
Shushrusha Citizens Co-Op. Hospitals Limited 100 (31 March 2022 : 100) equity shares of ₹ 100 each, fully paid - unquoted	0.00 *	0.00 *
Hincon Finance Limited 120,000 (31 March 2022 : 120,000) equity shares of ₹ 10 each, fully paid - unquoted	13.65	15.29
	18.47	19.67

Outside India

	As at 31 March 2023	As at 31 March 2022
Opernhaus Zürich AG 10 (31 March 2022 : 10) equity shares of CHF 900 each, fully paid - unquoted	0.05	0.05
Genossenschaft Theater für den Kt. Zürich 1 (31 March 2022 : 1) equity shares of CHF 300 each, fully paid - unquoted	0.00 *	0.00 *
Betriebsges. Kongresshaus Zürich AG 10 (31 March 2022 : 10) equity shares of CHF 100 each, fully paid - unquoted	0.03	0.33
MTZ Medizinisches Therapiezentrum 50 (31 March 2022 : 50) equity shares of CHF 1,000 each, fully paid - unquoted	0.44	0.40
Mobimo Holding AG Nil (31 March 2022 : 720) equity shares of CHF 29 each, fully paid - quoted	-	1.79
Namenaktien Messe Zürich 10 (31 March 2022 : Nil) equity shares of CHF 50 each, fully paid - unquoted	0.04	0.04
MCH Group AG 2,100 (31 March 2022 : 2,100) equity shares of CHF 10 each, fully paid - quoted	0.08	0.16
	0.64	2.77
Total non-current investments (6 + 6A)	**78.77**	**58.37**

* Represents amount less than ₹ 1 lakh

Details:
Aggregate value of non-current investments is as follows:

	As at 31 March 2023	As at 31 March 2022
(i) Aggregate value of unquoted investments	73.87	52.04
(ii) Aggregate value of quoted investments and market value thereof	4.90	6.33
(iii) Aggregate value of impairment of investments	-	-
(i) Investments carried at cost	[illegible]	20.47
(ii) Investments carried at fair value through profit and loss account	-	15.46
(iii) Investments carried at fair value through other comprehensive income	19.11	22.44

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 7 Trade receivables		
Non-current		
Trade receivables * (Refer note 7.1)	670.12	235.78
Total non-current trade receivables	670.12	235.78
Current		
Trade receivables (Refer notes 7.1 and 38) (Including retention ₹ 788.11 crore (31 March 2022 ₹ 806.95 crore))	2,180.68	4,377.20
Less: Transferred to assets held for sale (Refer note 17.3)	-	(2,286.33)
Total current trade receivables	2,180.68	2,090.93
Total trade receivables	2,850.80	2,326.71

* Presented net off advance received against favourable arbitration awards ₹ 3,378.69 crore (31 March 2022 ₹ 3,238.43)

Break-up of security details

	As at 31 March 2023	As at 31 March 2022
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	2,850.80	2,326.71
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	33.31	3.14
Total	2,884.11	2,329.85
Loss allowance	(33.31)	(3.14)
Total trade receivables	2,850.80	2,326.71

Note 7.1 Non current trade receivables and current trade receivables as at 31 March 2023 includes ₹ 670.12 crore (31 March 2022 ₹ 187.59 crore) and ₹ 452.13 crore (31 March 2022 ₹ 2,770.14 crore) respectively, representing claims awarded in arbitration in favour of the Holding Company and which have been challenged by the customers in courts. Out of the above, net arbitration awards as at 31 March 2022 amounting to ₹ 2,283.08 crore was reclassified as assets of a disposal group held for sale, which has been derecognised during the current year (refer notes 17.3 and 34)

Note 7.2 There are no trade receivables due from any director or any officer of the Group, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

Note 7.3 Trade receivables (other than receivables on account of claims awarded in arbitration in favour of the Company) are non-interest bearing and are generally on terms of 30 to 90 days except retention deposits which are due after completion of the defect liability period of the respective projects

Note 7.4 Trade receivables ageing schedule

As at 31 March 2023	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	436.27	301.89	107.42	154.82	260.13	188.02	1,467.55
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	6.86	3.33	4.91	11.88	6.31	33.31
(iv) Disputed trade receivables - considered good (Non- current)	-	55.27	110.22	130.08	216.83	120.83	632.13
(v) Disputed trade receivables - considered good (Current)	-	309.21	1.99	397.18	46.38	28.36	781.12
(vi) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
	436.27	663.28	222.96	686.66	544.22	361.32	2,884.11
Less: Allowance for expected credit loss							(33.31)
Total trade receivables							2,850.80

Note: Refer note 16 for details of unbilled dues i.e. contract assets

As at 31 March 2022	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	490.10	327.23	67.13	512.60	82.31	159.70	1,655.31
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	3.14	-	3.14
(iv) Disputed trade receivables - considered good (Non- current)	-	81.42	7.11	18.24	13.53	67.29	187.59
(iv) Disputed trade receivables - considered good (Current)	-	446.52	170.86	387.18	300.43	1,446.34	2,770.14
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
	490.10	868.17	253.58	926.12	418.41	1,663.43	4,616.18
Less: Allowance for expected credit loss							(3.14)
Total trade receivables							4,613.04

Notes
i) Refer note 16 for details of unbilled dues i.e. contract assets
ii) Trade receivable ageing schedule as at 31 March 2022 includes ageing in respect of trade receivables which were classified as assets of disposal group held for sale

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Note 8 Loans

	As at 31 March 2023	As at 31 March 2022
Loans to:		
- related parties	36.58	57.32
- others	5.68	-
Total non-current loans	42.26	57.32
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	42.26	57.32
Loans - which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	42.26	57.32
Loss allowance	-	-
Total loans	42.26	57.32

Note 9 Other financial assets

Non-current

	As at 31 March 2023	As at 31 March 2022
Awards and claims (carried at fair value through profit and loss account)	3,127.97	-
Security and other deposits	5.27	33.46
Interest receivable on loans to others	0.85	-
Bank deposits with balance maturity of more than 12 months	-	0.27
Total	3,134.09	33.73
Less: loss allowance	(15.64)	(15.64)
Total non-current financial assets	3,118.45	18.09

Current

	As at 31 March 2023	As at 31 March 2022
Security deposits	27.05	36.36
Interest accrued on deposits/ advances	5.65	11.44
Other receivables	65.64	52.43
Less : Transferred to assets held for sale (Refer note 17.4)	-	(0.68)
Total	98.34	99.55
Less: Loss allowance	(1.41)	(6.13)
Total current financial assets	96.93	93.42
Total other financial assets	3,215.38	111.50

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Note 10 Non-current tax assets (net)

	As at 31 March 2023	As at 31 March 2022
I. The following table provides the details of income tax assets and liabilities:		
a) Income tax assets	323.64	334.42
Less : Transferred to assets held for sale (Refer note 17.4)	-	(7.80)
	323.64	326.62
b) Income tax liabilities	215.15	206.32
Net income tax assets (net)	108.49	120.30
Income tax assets in certain entities	117.46	121.54
Current tax liabilities in case of certain entities	8.97	1.24
Net income tax assets	108.49	120.30
II. The gross movement in the income tax assets/ liabilities is as follows:		
Net income tax asset at the beginning	120.30	69.49
Income tax (refund)/ paid (net)	(3.51)	84.38
Transferred to assets held for sale (Refer note 17.4)	-	(7.80)
Current income tax expense	(8.30)	(26.78)
Net income tax assets at the end	108.49	120.30
III. Income tax expense comprises:		
Current tax expense	8.47	26.78
Deferred tax charge / (credit)	(70.79)	52.81
Income tax charge / (credit) [net] in the Statement of Profit and Loss	(62.32)	78.59
Deferred tax charge in Other Comprehensive Income	0.00*	(0.14)
Tax charge / (credit) [net]	(62.32)	78.45

	Year ended 31 March 2023	Year ended 31 March 2022
iv. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit/ (loss) before income taxes is as below:		
Profit / (loss) before income tax (including discontinuing operations)	(90.16)	641.33
Applicable tax rate in India	34.944%	34.944%
Computed expected tax charge / (credit)	(31.51)	224.11
Effect of difference in tax rates of overseas subsidiaries	82.41	(66.60)
Effect of expenses not allowed for tax purpose	119.18	10.47
Effect of income not considered for tax purpose	(128.90)	(17.80)
Impact of losses where deferred tax not recognised in certain entities	(88.97)	46.66
Earlier year tax adjustments	1.32	-
Utilization of unrecognized loss carry forwards from prior years	-	(132.98)
Impact of change in tax rate	-	9.95
Others	4.18	4.78
Income tax charge / (credit) [net] in the Statement of Profit and Loss	(62.32)	78.59

* Represents amount less than ₹ 1 lakh

	As at 31 March 2023	As at 31 March 2022
v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:		
(A) Deferred tax assets (Refer note 10.1)		
(a) Business loss / unabsorbed depreciation / MAT credit entitlements	2,139.99	1,708.21
(b) Impairment allowance on receivables / other assets	9.69	0.65
(c) Timing difference on tangible and intangible assets' depreciation and amortisation	35.19	36.13
(d) Expense allowable on payment basis	167.13	165.39
	2,352.00	1,910.38
(B) Deferred tax liabilities		
(a) Arbitration awards not offered to tax	(1,569.98)	(1,167.56)
(b) Others	-	(31.59)
	(1,569.98)	(1,199.15)
Deferred tax assets (net) (A) - (B)	782.02	711.23
Deferred tax assets in case of certain entities	782.02	742.68
Deferred tax liabilities in case of certain entities	-	31.45
Net deferred tax assets	782.02	711.23

vi. Movement in components of deferred tax assets and deferred tax liabilities are as follows:

	Business loss / unabsorbed depreciation / MAT credit entitlements	Impairment allowance on receivables / other assets	Timing difference on tangible and intangible assets' depreciation and amortisation	Arbitration awards not offered for tax	Expense allowable on payment basis and others	Other	Total
At at 1 April 2021	2,224.03	6.65	41.33	(1,679.86)	164.96	(0.14)	751.38
(Charged) / credited							
- to profit or loss	(516.82)	-	(5.20)	511.94	0.28	(31.45)	(40.27)
- to other comprehensive income	-	-	-	-	0.14	-	0.14
As at 31 March 2022	1,708.21	6.65	36.13	(1,167.90)	165.38	(31.59)	711.23
(Charged) / credited							
- to profit or loss	431.78	0.04	(0.92)	(402.42)	1.72	31.59	70.79
- to other comprehensive income	-	-	-	-	-	-	-
As at 31 March 2023	2,139.99	6.69	35.18	(1,569.58)	167.12	-	782.02

Note 10.1 As at 31 March 2023, deferred tax assets of the Group includes net deferred tax assets recognised by Holding Company amounting to ₹ 741.93 crore (31 March 2022: ₹ 741.74 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the Holding Company's management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised.

Note 10.2 Deferred tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments.

Note 10.3 There are unused tax losses in the Group companies for which no deferred tax asset has been recognised as the Group believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

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	As at 31 March 2023	As at 31 March 2022
Note 11 Other assets		
Non-current		
Capital advances	63.27	1.29
Balances with government authorities	52.38	65.52
Prepaid expenses	1.66	1.87
Others	0.25	-
	117.56	68.68
Less : Transferred to assets held for sale (Refer note 17.4)	-	(0.78)
Total other non-current assets	117.56	67.90
Current		
Advance to suppliers and subcontractors	84.20	131.22
Balances with government authorities	159.76	171.14
Prepaid expenses	8.85	11.55
Others	10.15	39.22
	262.96	353.13
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(0.42)
	262.96	352.71
Less: Loss allowance	-	(29.73)
Total other current assets	262.96	322.98
Total other assets	380.52	390.88

	As at 31 March 2023	As at 31 March 2022
Note 12 Inventories		
Land and development rights	319.73	308.69
Construction raw material, stores and spares	166.18	170.05
Fuel and others	4.61	6.10
Total inventories	490.52	484.84

	As at 31 March 2023	As at 31 March 2022
Note 13 Current investments		
Investments in others carried at fair value through profit and loss		
Investment in mutual funds	0.70	0.66
Total current investments	0.70	0.66
Detailed list current investments		
Investments in mutual funds		
Essel Liquid Fund Growth plan 72,422 units (31 March 2022: 72,422 units)	0.02	0.02
Canara Rebeco Mutual Fund 1,976.26 units (31 March 2022: 1976.26 units)	0.53	0.50
ICICI Money Market Fund 748,574 units (31 March 2022: 709,181 units)	0.01	0.01
SBI Premier Liquid Fund 1,205,366 units (31 March 2022: 1,205,366 units)	0.14	0.13
	0.70	0.66
Details:		
Aggregate value of current investments is as follows:		
(i) Aggregate value of unquoted investments	-	-
(ii) Aggregate value of quoted investments and market value thereof	0.70	0.66
(iii) Aggregate value of impairment in the value of investments	-	-
(i) Investments carried at cost	-	-
(ii) Investments carried at amortised cost	-	-
(iii) Investments carried at fair value through profit and loss	0.70	0.66

Walker Chandiok & Co LLP, Mumbai, Chartered Accountants

Hincon House, L.B.S. Marg, Vikhroli (W)

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023
(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 14 Cash and cash equivalents		
a) Balances with banks		
- In current accounts	565.39	560.84
- In deposit account (with original maturity upto 3 months)	15.92	228.01
b) Cash on hand	0.60	0.99
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(68.87)
Total cash and cash equivalents	**581.91**	720.97

Note 15 Bank balances other than cash and cash equivalents

Bank deposits with maturity of more than 3 months and less than 12 months ^	571.63	977.63
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(156.21)
Total bank balances other than cash and cash equivalents	**571.63**	821.42

^ Includes ₹ 18.76 crore (31 March 2022: ₹ 26.04 crore) held as margin money against arbitration awards

Note 15.1 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2023

	As at 31 March 2023	As at 31 March 2022
Note 16 Unbilled work-in-progress (contract assets)		
Non-current		
Unbilled work-in-progress (contract assets)	-	24.56
Total non-current unbilled work-in-progress (contract assets)		24.56
Current		
Unbilled work-in-progress (contract assets) ^	3,442.44	4,280.88
Less: Transferred to Assets of disposal group held for sale (refer note 17.3)	-	(359.40)
Total current Unbilled work-in-progress (contract assets)	**3,442.44**	3,921.48
Total unbilled work-in-progress (contract assets)	**3,442.44**	3,946.04

^ Net of advance received against work bill ₹ 174.33 crore (31 March 2022: ₹ 103.14 crore)

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023
(Amount in ₹ crore, unless otherwise stated)

Note 17 Assets held for sale

	As at 31 March 2023	As at 31 March 2022
a) Asset held for sale - Freehold Land		
Opening balance	-	6.49
Add: Assets classified as held for sale (Refer note 17.1)	2.18	-
Less: Asset re classified as Property, plant and equipment (Refer note 17.2)	-	(6.49)
	2.18	-
b) Assets of a disposal group held for sale (Refer note 17.3)		
Trade receivables	-	2,283.06
Unbilled work-in-progress (contract assets)	-	358.40
	-	2,642.48
c) Assets of discontinued operations - Baharampore Farakka Highways Limited (Refer note 17.4)		
Property, plant and equipment		1.24
Intangible asset	-	739.08
Investment property	-	0.26
Intangible asset under development	-	97.94
Other non current asset	-	0.78
Trade receivables	-	3.27
Cash and cash equivalent	-	68.87
Other bank balance	-	158.21
Non-current tax assets (net)	-	7.80
Other current asset	-	0.42
Other financial asset	-	0.68
	-	1,078.55
Total assets held for sale	2.18	3,719.01

Note 17.1 During the current year, the Holding Company has entered into an agreement to sell a freehold land situated at village Kamala (Tara) for an aggregate consideration of ₹ 85 crore. Pursuant to the agreement, the Holding Company has received an advance of ₹ 5 crore, which has been presented under other current liabilities. The above sale is subject to approval from lenders of the Holding Company. The Holding Company expects the sale to be completed by 30 September 2023.

Note 17.2 During the earlier years, the Holding Company had entered into an agreement with a subsidiary company to develop a parcel of freehold land situated at Vikhroli, Mumbai pursuant to which an advance of ₹ 20.20 crore was received. However, as at 31 March 2022, considering the market conditions, the Holding Company did not foresee to complete the transaction and therefore the sale no longer classified as 'highly probable' in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the same was re-classified as "Property, plant and equipment".

Note 17.3 As detailed in note 34.1, pursuant to implementation of the resolution plan in the current year, assets representing specified arbitration awards and claims and liabilities representing specified debt and accrued interest /charges have been derecognised effective 1 July 2022.

As at 31 March 2022, the resolution plan with lenders had become binding due to receipt of requisite majority approvals. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest / charges) qualified as assets and liabilities of a disposal group held for sale. Consequently, as at 31 March 2022, trade receivables and unbilled work-in-progress (contract assets) was classified as assets of a disposal group held for sale. Similarly, as at 31 March 2022, current borrowings, trade payables and other current financial liabilities was classified as liabilities of a disposal group held for sale.

Note 17.4 On 1 February 2022, HCC Infrastructure Company Limited, a wholly owned subsidiary, signed a binding term sheet with Cube Highways and Infrastructure V Pte Limited for 100% equity stake sale of its subsidiary i.e. Baharampore Farakka Highways Limited ('BFHL'). During the current year, Share Purchase Agreement (SPA) has been executed on 15 February 2023 and the equity consideration has been received on 28 March 2023.

Pursuant to the above as at 31 March 2023, BFHL has been presented as discontinued operations in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. The requisite disclosures in accordance with Ind AS 105 are given below:

Financial performance from discontinued operations

Particulars	For the period 1 April 2022 to 28 March 2023	For the year ended 31 March 2022
Statement of profit and loss		
Total income	379.83	188.57
Total expenses	405.83	195.59
Loss before tax	(26.00)	(7.02)
Tax expenses	(0.17)	(13.07)
Loss after tax	(26.17)	(20.09)
Other comprehensive income	-	-
Cash flow statement		
Net cash generated from operating activities	173.61	309.48
Net cash used in investing activities	(67.87)	(0.02)
Net cash used in financing activities	(95.73)	(30.78)
Net cash generated from discontinued operations	10.21	278.67

Note 16 Equity share capital

	As at 31 March 2023		As at 31 March 2022	
	Number	₹ in crore	Number	₹ in crore
Authorised share capital				
Equity shares of ₹ 1 each	2,000,000,000	200.00	2,000,000,000	200.00
Total authorised share capital	2,000,000,000	200.00	2,000,000,000	200.00
Issued, subscribed and paid-up equity share capital:				
Equity shares of ₹ 1 each fully paid up	1,512,976,244 ^	151.31	1,512,976,244 ^	151.31
^ excludes 13,225 equity shares forfeited by the Company				
Total issued, subscribed and paid-up equity share capital	1,512,976,244	151.31	1,512,976,244	151.31

a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	₹ in crore
As at 1 April 2021	1,512,976,244	151.31
Issued during the year	-	-
As at 31 March 2022	1,512,976,244	151.31
Issued during the year	-	-
As at 31 March 2023	1,512,976,244	151.31

b. Terms / rights attached to equity shares:

The Holding Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shareholding of more than 5%:

Name of the shareholder	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% held	No. of shares	% held
Arya Capital Management Private Limited	-	-	244,013,391	16.13%
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%
Asia Opportunities IV (Mauritius) Limited	115,462,961	7.63%	115,462,961	7.63%
HDFC Trustee Company Limited	73,580,077	4.86%	73,580,077	4.86%

As per the records of the holding company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d. Bonus shares / buy back shares for consideration other than cash issued during past five years:

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil
(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil
(iii) Aggregate number and class of shares bought back - Nil

e. Shareholding of promoters

As at 31 March 2023

Name of promoters	As at 31 March 2023		As at 31 March 2022		% Change during the year
	No. of shares held	% of total shares	No. of shares held	% of total shares	
Arya Capital Management Private Limited	-	-	244,013,391	16.13%	16.13%
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%	-
Hincon Finance Limited	62,261,186	4.12%	62,261,186	4.12%	-
Ajit Gulabchand	2,117,294	0.14%	2,117,294	0.14%	-
Shalaka Investment Private Limited	538,000	0.04%	538,000	0.04%	-
Anjani Ashwin Parekh	251,400	0.02%	251,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

* represents less than 0.01%

As at 31 March 2022

Name of promoters	As at 31 March 2022		As at 31 March 2021		% Change during the year
	No. of shares held	% of total shares	No. of shares held	% of total shares	
Arya Capital Management Private Limited	244,013,391	[illegible]	244,013,391	16.13%	-
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%	-
Hincon Finance Limited	62,261,186	4.12%	62,261,186	4.12%	-
Ajit Gulabchand	2,117,294	0.14%	2,117,294	0.14%	-
Shalaka Investment Private Limited	538,000	0.04%	538,000	0.04%	-
Anjani Ashwin Parekh	251,400	0.02%	251,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

* represents less than 0.01%

Hincon House, L.B.S. Road, Vikhroli (W)

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

Note 19 Other equity

	As at 31 March 2023	As at 31 March 2022
Reserves and surplus		
- Capital reserve	39.70	39.70
- Forfeited debentures account	0.02	0.02
- Securities premium	2,650.87	2,650.87
- Debenture redemption reserve	54.99	54.99
- Foreign currency monetary translation reserve	(0.17)	1.47
- General reserve	180.24	180.24
- Share option outstanding reserve	0.00 *	-
- Retained earnings	(3,622.20)	(3,574.12)
Other comprehensive income		
- Equity instruments at fair value through other comprehensive income	(11.01)	(11.54)
- Translation loss relating to foreign operation (net)	(158.13)	(152.07)
Non-controlling interest	0.00 *	0.00 *
Total	(865.69)	(810.45)

* Represents amount less than ₹ 1 lakh

Nature and purpose of reserves

i. Capital reserve

The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own equity instruments to capital reserve. Capital reserve represents gain arising from business combination and gain / loss on account of acquisition / divestment of non-controlling interest/ merger of subsidiaries.

ii. Forfeited debentures account

The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own debentures to forfeited debentures account.

iii. Securities premium

Securities premium is used to record the premium on issue of shares or debentures. This account is utilised in accordance with the provisions of the Companies Act, 2013.

iv. Debenture redemption reserve

The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures. Consequent to the amendment in the provision of Act, requirement to create reserve in respect of certain debenture have been withdrawn.

v. Foreign currency monetary translation reserve

Exchange difference arising on translation of the long term monetary items is accumulated in separate reserve within equity. The cumulative amount is reclassified to the Statement of Profit and Loss over the life of the monetary asset / liability on a straight line basis.

vi. General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

vii. Share option outstanding reserve

The share option outstanding reserve represents reserve in respect of equity settled share options granted to the Holding Company's employees in pursuance of the Employee Stock Option Plans.

viii. Retained earnings

Retained earnings represents the profits/ losses that the Group has earned / incurred till date including gain / (loss) on fair value of defined benefits plans as adjusted for distributions to owners, transfer to other reserves etc.

ix. Equity instruments at fair value through other comprehensive income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are disposed off.

x. Translation loss relating to foreign operation (net)

The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in 'Translation loss relating to foreign operation (net)' in other equity.

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Note 20 Long term borrowings		
I. Non-current borrowing:		
Secured		
A Non-Convertible Debentures		
(i) From banks	3,203.97	-
B 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	863.92	854.22
(ii) From others	77.92	88.29
C Foreign Currency Term Loans from banks	274.02	213.57
D. Other term loans		
(i) From banks	-	590.58
(ii) From others	-	87.61
Less : Transferred to liabilities held for sale [Refer notes 17.3, 25.1, 34]	-	(678.16)
Unsecured		
A Non Convertible Debentures		
(i) From banks	404.30	-
B Foreign Currency Term Loan from bank	26.98	22.39
Total non-current borrowings	**4,851.11**	1,178.47
II. Current borrowing:		
Secured		
i) Current maturities of long-term debts:		
(a) Non-Convertible Debentures	34.93	41.12
(b) Foreign Currency Term Loans from others	7.83	72.04
(c) Rupee Term Loans (RTL-A)		
(i) From banks	-	53.61
(ii) From others	-	25.90
(d) Rupee Term Loans (RTL-1)		
(i) From banks	-	47.91
(ii) From others	-	41.93
(e) Rupee Term Loans (RTL-2)		
(i) From banks	-	287.37
(ii) From others	-	37.93
(f) Working Capital Term Loan from Banks (WCTL-2)		
(i) From banks	-	4.52
(ii) From others	-	11.08
(g) 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	107.98	225.68
(ii) From others	9.74	23.09
(h) Other term loans		
(ii) From banks	27.00	88.51
	187.48	968.69
ii) Cash credit facilities (Repayable on demand)	-	1,154.31
iii) Other working capital loans from banks	245.75	764.05
Unsecured		
i) Current maturities of long-term borrowings		
a) Foreign Currency Term Loan from Others	-	-
ii) Other bank loans	10.17	164.60
Total	443.41	3,081.65
Less Transferred to liabilities held for sale (Refer note 25.1)	-	(2,448.94)
Total current borrowings	443.41	612.71
Total borrowings	5,294.52	1,791.18

20.1 Details of security and terms of repayment

I. Secured

(a) Non-Convertible Debentures (NCDs)

i) NCDs issued by Prolific Resolution Private Limited ('PRPL')

During the current year, the Holding Company has novated specified debt of lenders aggregating ₹ 2,854.40 crore to the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims by way of Deed of Assignment dated 10 August 2022 between Holding Company, lenders of Holding Company and the Company

NCDs have been issued to the lenders as part of the Resolution Plan with a tenure of 8 years and a coupon of 0.01% with an interest yield of 12.00% p.a. in yield equalization compounded and payable on a yearly basis. These NCDs are issued in 2 Series namely Series I and Series II having different security structure as given in security details. Refer note 20.1.1 for details of security. These NCDs are listed NCDs in BSE. Repayment schedule is as stated below

Date of repayment	Series I Amount	Series II Amount
30-Sep-30	690.90	165.42
30-Sep-29	575.75	137.85
30-Sep-28	460.60	110.28
30 Sep-27	345.45	82.71
30-Sep-26	230.30	55.14
Total	2,303.00	551.40

ii) Non Convertible Debentures - LIC

These debentures were classified as RTL-1 and RTL -A as on 31 March 2022. These debentures carried an interest yield of 11.60% p.a. and were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021.

During the current year, the Holding Company implemented its debt resolution plan with lenders pursuant to which principal outstanding of RTL-1 as at 1 July 2022 have been settled by issuing fresh NCDs. These NCDs carry an interest yield of 11.50% p.a. quarterly compounding and a coupon of 0.01% p.a. and are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029. Refer note 20.1.2 for security details

(iii) Non Convertible Debentures - Karnataka Bank

These debentures are issued to one of the lender of erstwhile subsidiary, which carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable on 31 March 2026. These NCDs are secured by exclusive charge upto 0.19% on specific claims of the Holding Company

(iv) Non Convertible Debentures - ACRE

These debentures have been issued during the current year. These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These are repayable in 2 structured instalments on 31 March 2026 and 30 June 2029. These NCDs are secured by exclusive charge upto 49.53% on specific claims of the Holding Company

(b) 0.01% Optionally Convertible Debentures (OCDs)

OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the issuance, the OCDs were to be converted into non convertible debentures in case of non-occurrence of event of default as per the guidelines of the S4A Scheme. Pursuant to the exemption provided by the Securities and Exchange Board of India ('SEBI') from the application of Regulation 75 of SEBI ICDR regulations to the Holding Company, the tenure of OCDs has been extended for a further 2.5 years beyond the statutorily prescribed period of 18 months. The lenders have an option to convert the OCDs into equity shares of the Holding Company, in accordance with the terms thereof including in case of any event of default or default in payment during the 10 years from the date of issuance of respective OCDs. However, further lenders have extended the repayment period till 31 March 2029. The repayment tenure has been approved by SEBI. Accordingly, the revised repayment of the OCD commenced from 31 March 2023. Details of principal maturity have been provided below. Refer note 20.1.3 for security details

Date of repayment	Amount
31 March 2024	117.73
31 March 2025	176.60
31 March 2026	176.60
31 March 2027	176.60
31 March 2028	176.60
31 March 2029	235.44
Total	1,059.57

(c) Foreign Currency Term Loans

(i) Export-Import Bank of India

The loan availed by HCC Mauritius Enterprise Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025.

This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pledge of equity shareholding of the borrower held by Holding Company (iii) a first charge over specific fixed assets of Holding Company having written down value of ` 50 crore (at the time of original sanction in May 2010) (iv) pledge of 33% equity share holding of Steiner AG, held by HMEL, a subsidiary company (v) non disposal undertaking for non-disposal of shareholding in Steiner AG or any other SPV created for the purpose of acquisition.

(ii) Export-Import Bank of India

The loan availed by HCC Mauritius Investment Limited, a subsidiary company, has been restructured with a cut off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025.
This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pari passu first charge over specific fixed assets of Holding Company (also encumbered for term loan availed by HMEL from Exim bank for acquisition of 66% of the equity shares of Steiner AG) (iii) corporate guarantee by HMEL (iv) pledge of 66% equity share holding of Steiner AG, held by HMEL, a subsidiary company (including pari-passu pledge on 33% shares encumbered for term loan availed by HMEL from Exim bank) (v) pledge of 100% equity shares of HMIL held by Holding Company (vi) pledge of 34% equity shares of Steiner AG, held by HMIL, a subsidiary company

(iii) Asia Opportunities IV (Mauritius) Limited
The FCTL carried a floating interest rate equal to 3 month LIBOR plus 350 basis points and were repayable in 3 quarterly instalments commencing from 31 December 2019.
During the current year, the Holding Company implemented debt resolution plan pursuant to which the same has been restructures and are payable in 7 structured annual instalments commencing from 31 March 2023. The FCTL carries a floating interest rate equal to LIBOR plus 350 basis points The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation

(d) Other term loans - Baharampore Farakka Highways Limited
(i) Carrying interest rate ranging 8.75% to 10.75 % p.a. repayable in 52 unstructured quarterly instalments commencing from March 2016 and ending in 30 June 2029

(ii) Carrying interest rate ranging 9.75 % to 11.00% p.a. repayable in 52 unstructured quarterly instalments commencing from June 2018 and ending on September 2031

(e) Rupee Term Loans (RTL-A)
RTL-A carried an interest rate of 11.75% p.a., payable monthly, to be reset annually with a two years moratorium and repayment terms of five years commencing 25 May 2017. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details

(f) Rupee Term Loans 1 (RTL-1) and Rupee Term Loans 2 (RTL-2)
RTL - 1 and RTL - 2 carried an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details

(g) Working Capital Term Loan (WCTL-2)

Working Capital Term Loan (WCTL-2) carried an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details

(h) Other term loans from banks

i) **Loan availed by Highbar Technologies Limited**
Term Loan from ICICI bank carrying interest rate of ICICI Base Rate (9.25% p.a.) plus 2.25% p.a. This loan is repayable within 10 years in 28 structured quarterly instalments commencing from 15 April 2016 and ending on 15 January 2023. As on 31 March 2023, this loan is still overdue and expected to be repaid within next 12 months

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e) Loan availed by Raiganj Dalkhola Highways Limited

Rupee Term Loan I from Banks are Secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement and pledge of 51% shareholding of the promoters
The land is under lien by way of mortgage to SBI Cap Trustee Company Limited by way of charge dated 03 March 2011

Rupee Term Loan II are Secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement and pledge of 51% shareholding of the promoters
The land is under lien by way of mortgage to SBI Cap Trustee Company Limited by way of charge modified dated 30 May 2016

Term Loans from Banks and IIFCL are secured by way of first pari-passu charge on all assets, both present and future, excluding the project assets as defined in the concession agreement dated 28 June,2010 and pledge of 28.22% equity shares of the company held by promoter companies

Loans are taken under Common Loan Agreement (CLA) and are secured by way of first pari passu charge on all assets both present and future excluding the project assets as defined in the Concession Agreement & pledge of 1,63,00,000 shares of the promoters equity shareholding

The loans have been classified as Non Performing Assets (NPA) and IIFCL have recalled the entire financial assistance extended by them to the Company vide letter dated 3 October 2018 In financial it is netted with transaction cost

(i) Cash credit facilities

Cash credit facilities carried a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points and were repayable on demand. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.6 for security details

(ii) Working capital loan

i) Working Capital Loans of Holding Company carried a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points
During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.6 for security details.

ii) Working Capital Demand Loan from bank include loan facilities availed by Steiner AG, a subsidiary company, aggregating ₹ 246.75 crore (31 March 2022: ₹ 147.49 crore) secured by first charge by way of a (i) mortgage on land in favour of a foreign bank (Project: Vista Nobile) (ii) mortgage on a land in favour of a foreign bank (Project: BASF Wandenswil)

Note 20.1 Details of security

Note 20.1.1: Non-Convertible Debentures issued by Prolific Resolution Private Limited

Series I - First Ranking Pari passu Charge over Specified Awards and Claims
Series II - Second Ranking Pari passu Charge over Specified Awards and Claims

Note 20.1.2: Non-Convertible Debentures - LIC

1. The parcel of land (immovable non residential property) admeasuring 21.9 hectors at Tara Village, Panvel Taluka described as the First Mortgaged Properties
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties
3. All the present and future current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA)

The above security having ranking in respect to LIC NCD are as below
1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties

2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties

Collateral security pari passu with lenders for LIC-NCD and OCD
1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Holding Company
2. First pari passu charge on 164,151,669 shares of the Company and second charge on 66,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited
3. Personal guarantee of Mr. Ajit Gulabchand, Chairman and Non-Executive Director of the Holding Company

Note 20.1.3: Optionally Convertible Debentures (OCDs) are secured in the form of:
1. First ranking pari passu charge on all of the Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and
2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security perfection has been completed on the OCD facilities issued as part of the S4A scheme

Note 20.1.4 RTL-A, RTL-1, RTL-2 and WCTL-2 are secured in the form of:
1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectare at Tara Village, Panvel Taluka described as the First Mortgaged Properties
2. All the present and future movable assets of the Holding Company (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties
3. All the present and future current assets of the Holding Company (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA

The above security having ranking in respect to RTL1 and RTL-A are as below:
1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties
The above security having ranking in respect to RTL2 and WCTL2 are as below

A second ranking and pari passu security interest by way of legal mortgage over all the Mortgaged Properties

Collateral security pari passu with lenders defined in MRA

1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Company
2. First pari passu charge on 154,161,660 shares of the Company and second charge on 86,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited
3. Personal guarantee of Mr. Ajit Gulabchand, Chairman and Non Executive Director of the Company

Note 20.1.5 Security and terms for Cash Credit Facilities and Other Working Capital Demand Loan:

1. The parcel of land (immovable non residential property) admeasuring 21.9 hectors at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties
3. All the present and future current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties

The above security having ranking as below

1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties

Collateral security pari-passu with lenders defined in MRA are same as indicated in note 19.1.1

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Holding Company

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA

II Unsecured

(a) Foreign Currency Term Loan from Bank

During the previous year, the Holding Company has entered into an amendment agreement with the lender wherein the parties have agreed to restructure the outstanding amounts for USD 6.89 Million with fixed interest rate of 1.91% compounded annually, repayable in 3 structured instalments commencing from 31 December 2028 and ending on 31 December 2030

(b) Non Convertible Debentures - ARCIL

These debentures have been issued during the current year. These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029

(c) Non Convertible Debentures - Others

These debentures are classified as NCDs and carry an interest yield of 9.5% p.a. quarterly compounding and a coupon of 0.01% p.a. and are repayable in 3 structured instalments on 30 June 2029 and on 30 June 2031

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Hindustan Construction Company Limited

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(Amount in ₹ crore, unless otherwise stated)

Note 20.2 Net debt reconciliation

An analysis of net debt and the movement in net debt for the year ended 31 March 2022 and 31 March 2021 is as follows

Particulars	31 March 2023	31 March 2022
Cash and cash equivalents	581.81	720.97
Non current borrowings	4,851.11	1,856.02
Current borrowings	443.41	3,081.66
Interest payable	1,843.18	1,668.80
Net debt	**6,556.78**	**5,887.10**

Particulars	Cash and cash equivalents (A)	Non-current borrowings (B)	Current borrowings (C)	Interest payable (D)	Total (D) = B + C - A
Net debt as at 1 April 2021	**642.13**	**2,008.17**	**3,124.93**	**1,238.28**	**5,728.22**
Net increase in cash and cash equivalents	61.65	-	-	-	(61.65)
Repayment of long term borrowings	-	(56.84)	-	-	(56.84)
Repayment of short-term borrowings	-		(158.99)	-	(158.99)
Foreign exchange fluctuations	17.19	-	-	(6.67)	(23.86)
Gain on one-time settlement	-	-	-	(108.10)	(108.10)
Reclassification	-	(95.71)	95.71	-	-
Interest expense	-	-	-	614.57	614.57
Interest paid	-	-	-	(250.26)	(250.26)
Net debt as at 31 March 2022	**720.97**	**1,858.82**	**3,081.66**	**1,669.59**	**5,887.10**
Net debt as at 1 April 2022	**720.97**	**1,858.82**	**3,081.66**	**1,669.59**	**5,887.10**
Net increase in cash and cash equivalents	(161.49)	-	-	-	161.49
Repayment of long-term borrowings	-	(176.43)	-	-	(176.43)
Repayment of short-term borrowings	-	-	(26.00)	-	(26.00)
Foreign exchange fluctuations	22.43	(4.79)	-	-	(27.22)
Gain on debt resolution plan	-	-	-	(223.30)	(223.30)
Impact of deconsolidation of erstwhile subsidiary	-	(584.14)	(64.62)	-	(648.76)
Reclassification	-	129.74	(129.74)	-	-
Conversion of other financial liability to debt (Refer note 21.1)	-	773.42	-	332.36	1,105.78
Impact of resolution plan (Refer note 34.1)	-	2,855.68	(2,397.13)	(458.56)	(0.00)
Gain on one time settlement	-	-	(0.75)	(43.21)	(43.96)
Interest expense	-	-	-	812.66	812.66
Interest paid	-	-	-	(266.66)	(266.66)
Net debt as at 31 March 2023	**1,382.88**	**6,787.73**	**3,505.86**	**3,832.97**	**12,442.89**

Note 20.3 Default in repayment of borrowings

As at 31 March 2023, the subsidiary companies has defaulted in repayment of borrowings (non current and current) including interest thereon. The item-wise breakup is as under

Sr. No	Particulars	Period	Principal	Interest
1	Term Loans from Banks	Upto 30 days	10.65	2.84
		31 to 90 days	-	0.21
		91 to 180 days	-	0.61
		181 to 365 days	12.40	32.38
		> 365 days	6.63	2.64
2	Term Loans from Financial Institutions	31 to 90 days	-	-
		91 to 180 days	-	-
		181 to 365 days	4.32	6.01
Total			**34.00**	**45.69**

As at 31 March 2022, the Group has defaulted in repayment of borrowings (non-current and current) including interest thereon. The item-wise breakup is as under

Sr. No	Particulars	Period	Principal	Interest
1	Non Convertible Debentures	31 to 90 days	-	-
		91 to 180 days	1.49	0.02
		181 to 365 days	2.98	0.23
2	Term Loans from Banks	Upto 30 days	-	0.09
		31 to 90 days	13.65	21.82
		91 to 180 days	20.83	14.39
		181 to 365 days	125.06	152.98
		> 365 days	305.60	117.78
3	Term Loans from Financial Institutions	31 to 90 days	1.55	7.93
		91 to 180 days	6.86	4.19
		181 to 365 days	24.76	38.90
		> 365 days	157.40	38.86
4	Working Capital Demand Loans	> 365 days	636.57	44.84
5	Cash Credit Facilities	31 to 90 days	-	-
		181 to 365 days	-	-
		> 365 days	480.74	118.98
6	Other Bank Loans	31 to 90 days	-	-
		91 to 180 days	10.73	1.02
		181 to 365 days	-	-
		> 365 days	153.68	47.34
	Total		**1,958.66**	**608.47**

(Amount in ₹ crore, unless otherwise stated)

Note 20.4 Reconciliation of stock statement submitted to the consortium banks with books of account where borrowings have been availed based on security of current assets:

By Holding Company

Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return / statement	Amount of difference	Reason for material variances
31 March 2022	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	3,028.59	2,187.87	840.72	Refer note below
		Trade Receivables	4,234.79	1,748.16	2,486.63	
30 June 2022		Inventory & Unbilled work-in-progress	3,026.01	2,295.50	730.51	Refer note below
		Trade Receivables	4,279.58	1,726.20	2,553.38	

Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return / statement	Amount of difference	Reason for material variances
30 June 2021	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,741.38	2,180.21	561.17	Refer note below
		Trade Receivables	4,285.78	2,410.07	1,875.71	
30 September 2021		Inventory & Unbilled work-in-progress	2,796.76	2,205.14	591.62	Refer note below
		Trade Receivables	3,800.76	1,631.40	2,169.36	
31 December 2021		Inventory & Unbilled work in progress	2,989.20	2,287.09	702.11	Refer note below
		Trade Receivables	3,961.10	1,713.78	2,247.32	

i) Difference is mainly on account of arrangement with banks/ financial institution, which requires the Holding Company to submit the details of inventory, trade receivable, unbilled work-in-progress excluding projects executed as joint operations and projects which are closed/ suspended/ terminated etc.

ii) No other group company has availed borrowings based on security of current assets

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Note 21 Other financial liabilities	As at 31 March 2023	As at 31 March 2022
Non-current		
Security deposits	0.14	0.13
Interest accrued but not due (Refer note 21.2)	1,656.36	1,014.86
Financial liabilities of erstwhile subsidiary assumed (Refer note 21.1)	-	490.20
Financial guarantees	52.23	49.70
Total non-current financial liabilities	1,708.73	1,554.89
Current		
Interest accrued but not due (Refer note 21.2)	143.65	445.77
Interest accrued and due	64.83	612.35
Unpaid dividends	0.00 *	0.00 *
Financial guarantees	0.36	-
Financial liabilities of erstwhile subsidiary assumed (Refer note 21.4)	275.39	494.56
Others		
- Due to employees	60.04	97.93
- Liability for capital goods	9.25	6.46
- Interest payable on contractee advances	279.23	213.44
- Refundable bid bond deposit (Refer note 21.3)	9.75	-
- Other liabilities	14.17	20.17
	856.67	1,890.68
Less: Transferred to liabilities held for sale (Refer note 25)	-	(473.66)
Total current financial liabilities	856.67	1,417.02
Total other financial liabilities	2,565.40	2,971.91

* Represents amount less than ₹ 1 lakh

Other financial liabilities carried at amortised cost	2,565.40	2,971.91
Other financial liabilities carried at FVPL	-	-

Note 21.1: Liability towards invocation of put options and corporate guarantees by lenders of Lavasa Corporation Limited ('LCL')

In view of the invocation of put options by lenders of LCL and pursuant to sanction letters entered with lenders of LCL during earlier years, LCL liabilities aggregating ` 865.23 crore were taken over by the Holding Company at ` 515 crore. As per the sanction letters, these liabilities carried an interest of 9.50% p.a. compounded quarterly with effect from 1 October 2018. Further, certain lenders of LCL had invoked corporate guarantees of the Holding Company during earlier years and consequently, liabilities of ` 232.20 crore were recognised by the Holding Company.

Pursuant to default in the terms of the sanction letter, in earlier years, one of the lender issued a letter to the Holding Company for revocation of the settlement. Based on the negotiations and discussion by the management, the lender had agreed to continuing with similar settlement terms in the resturcturing plan. Pending the final approvals, the differential between the liability pursuant to the put option agreement and the liability as per sanction letter was reported as Contingent Liability in the financial statements until period ended 31 March 2022.

During the current year, pursuant to implementation of debt resolution plan as detailed in note 34, the aforementioned liabilities have been extinguished by issuance of 7,226 NCD of face value of ` 10,00,000 each to the lenders of LCL. Refer note 20.1 for details of security and terms of repayment.

Note 21.2: Includes ₹ 353.60 crore (31 March 2022: ₹ 178.56 crore) and ₹ 13.04 crore (31 March 2021: ₹ 204.62 crore) in respect of non-current interest accrued but not due and current interest accrued but not due, respectively, towards financial liabilities of LCL assumed as mentioned in Note 21.1 above.

Note 21.3: Prolific Resolution Private Limited ('PRPL') has received Bid Bond deposit money as per Expression of Interest (EOI) on winning of Bid by Jadeja Investments Management Private Limited (JIMPL). This deposit represents 5% of the resolution amount i.e. aggregate of proposed equity and priority debt amount of ₹ 100 crore along with Voluntary deposit made by JIMPL.

Note 21.4: HCC Operations and Maintenance Limited ('HOML'), a step down subsidiary, had signed a Debenture Sale Purchase (DSP) agreement on 29 September 2017 with certain debenture holders for purchase of debentures issued by Lavasa Corporation Limited (LCL), in the event of any default for an aggregate consideration of ₹ 138 crore plus Interest @ 10.27 % per annum. Pursuant to default by LCL, HOML has till date assumed liability of LCL towards these debentures amounting to ₹ 273.27 crore.

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(Amount in ₹ crore, unless otherwise stated)

Note 22 Provisions	As at 31 March 2023	As at 31 March 2022
Non-current		
Provision for employee benefits		
- Gratuity	72.01	50.70
- Pension fund	10.29	6.62
Provision for warranty (Refer note 22.1)	44.38	54.64
Provision for major maintenance (Refer notes below)	-	67.93
Less: Transferred to liabilities of a disposal group held for sale (Refer note 17.4 and 25)	-	(67.93)
Total non-current provisions	**126.68**	**111.96**
Current		
Provision for employee benefits		
- Gratuity	8.53	6.74
- Pension fund	7.08	6.09
- Leave entitlement and compensated absences	11.81	15.24
Provision for warranty (Refer note 22.1)	98.89	126.19
Provision for foreseeable losses	475.63	324.94
Provision for major maintenance (Refer notes below)	-	47.94
Less: Transferred to liabilities of a disposal group held for sale (Refer note 25)	-	(47.94)
Total current provisions	**601.94**	**479.20**
Total provisions	**728.62**	**591.16**

Note 22.1 Detail of provision for warranty is as stated below:

	As at 31 March 2023	As at 31 March 2022
Opening provision as at the beginning of the year	180.83	148.26
Addition during the year	21.60	69.43
Utilised during the year	(59.16)	(36.86)
Closing provision as at the end of the year	143.27	180.83
Non current	44.38	54.64
Current	98.89	126.19
Total	143.27	180.83

This provision represent estimates made towards estimated liability arising out of contractual obligations in respect of warranties.

After the handover of the project there is a warranty liability, which lasts between 2 and 10 years, depending on the project and its components. During construction the warranty provision is recorded based on past experience and, in general, remains unchanged during construction. Actual warranty costs are recorded against the warranty provision of projects in warranty phase (pool approach). As per closing date, future warranty costs are estimated and if needed the warranty provisions are increased or released.

Note 22.2 The Group has adequately recognised forseeable losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

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Note 23 Trade payables

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	134.67	80.07
Less: Transferred to liabilities held for sale (Refer note 25.1)	-	(0.07)
	134.67	80.00
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,856.54	3,018.30
Less: Transferred to liabilities held for sale (Refer note 26.1)	-	(39.77)
	2,856.54	2,978.54
Total trade payables	2,991.21	3,058.54

Note 23.1 Trade payables are non interest bearing and are normally settled as per the payment terms stated in the contract

Note 23.2 Trade payables ageing schedule

As at 31 March 2023	Outstanding for following periods from due date of payment						
	Not due	**Unbilled**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 years**	**Total**
(i) MSME	27.06	-	82.51	11.83	1.84	11.43	134.67
(ii) Others	973.79	609.34	895.90	66.41	49.92	261.18	2,856.54
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total trade payables	1,000.85	609.34	978.41	78.24	51.76	272.61	2,991.21

As at 31 March 2022	Outstanding for following periods from due date of payment						
	Not due	**Unbilled**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	70.77	2.22	4.61	2.47	80.07
(ii) Others	476.84	1,348.27	829.27	87.88	45.61	232.63	3,018.30
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total trade payables	476.84	1,348.27	900.04	90.10	50.22	235.10	3,098.37

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Note 24 Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Due to customers	669.19	798.84
Advance received from contractee	1,315.85	1,562.71
Statutory dues payable	55.38	38.25
Other liabilities	48.11	55.77
	2,088.53	2,455.57
Less: Transferred to liabilities held for sale (Refer note 17.4 and 25.2)	-	(10.65)
Total other current liabilities	**2,088.53**	2,444.92

Note 25 Liabilities held for sale

Note 25.1 Liabilities of a disposal group held for sale (Refer notes 17.3 and 34)

	As at 31 March 2023	As at 31 March 2022
a) Current borrowings	-	2,448.94
b) Other financial liabilities	-	470.80
c) Trade payables	-	39.84
	-	2,959.58

Note: 25.2 Liabilities of discontinued operations - Baharampore Farakka Highways Limited (Refer notes 17.4 and 52)

	As at 31 March 2023	As at 31 March 2022
a) Borrowings	-	678.15
b) Other current financial liabilities	-	2.88
c) Provisions	-	115.87
d) Other current liabilities	-	10.65
	-	807.53
Total Liabilities of disposal group held for sale	-	3,767.11

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Note 26 Revenue from operations

	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products and services		
a) Construction revenue	9,295.45	10,204.97
b) Royalty income	6.38	2.70
c) Operation and maintenance fees	-	10.04
	9,301.83	10,217.71
Other operating revenue		
a) Fair valuation gain on subsequent measurement of financial assets	248.55	-
b) Interest on arbitration awards	255.90	424.39
c) Provision no longer required written back	50.14	23.43
d) Others	0.17	2.74
	554.76	450.56
Total revenue from operations	9,856.59	10,668.27

Notes:
Disclosure in accordance with Ind AS 115 Revenue from Contracts with Customers

(a) Disaggregation of revenue

Group's entire business falls under one operational segment of 'Engineering and Construction'. Contract revenue represents revenue from Engineering and Construction contracts wherein the performance obligation is satisfied over a period of time. Further, the management believes that the nature, amount, timing and uncertainty of revenue and cash flows from all its contracts are similar. Accordingly, disclosure of revenue recognised from contracts disaggregated into categories has not been made.

(b) Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹ 23,343 crore (31 March 2022: ₹ 20,887 crore). Most of the Group's contracts have a life cycle of three to five years. Management expects that around 30%-35% of the transaction price allocated to unsatisfied contracts as of 31 March 2023 will be recognised as revenue during next reporting period depending upon the progress on each contracts. The remaining amounts are expected to be recognised over the next three to four years. The amount disclosed above does not include variable consideration.

(c) Contract balances
(i) Movement in contract balances during the year

Particulars	Contract assets (unbilled work-in-progress)	Contract liabilities (due to customer)	Net contract balance
Balance as at 31 March 2021	4,003.54	1,143.93	2,859.61
Net increase / (decrease)	301.90	(345.09)	646.99
Balance as at 31 March 2022^	4,305.44	798.84	3,506.60
Net increase / (decrease)	(862.99)	(129.65)	(733.34)
Balance as at 31 March 2023	3,442.45	669.19	2,773.26

^ Includes ₹ 308.40 crore classified as assets of a disposal group held for sale (Refer note 16 and 17.3)

Note: Reduction in contract assets is primarily due to transfer of claims to Prolific Resolution Private Limited as part of debt resolution plan as referred in note 34. Further, contract liability has decreased due to higher recognition of revenue as compared to progress bills raised during the year.

(ii) Revenue recognised during the year from opening balance of contract liability amounts to ₹ 780.80 crore (31 March 2022: ₹ 1,031.73 crore)

(iii) Revenue recognised during the year from the performance obligation satisfied upto previous year amounts to ₹ 61.58 crore (31 March 2022: ₹ 479.01 crore)

(d) Out of the total revenue recognised during the year, ₹ 9,800.95 crore (31 March 2022: ₹ 10,632.09 crore) is recognised over a period of time and ₹ 55.64 crore (31 March 2022: ₹ 36.17 crore) is recognised at a point in time.

(e) There are no reconciliation items between revenue from contracts with customers and revenue recognised with contract price.

(f) Cost to obtain or fulfil the contract

(i) Amount of amortisation recognised in Statement of Profit and Loss during the year : Nil

(ii) Amount recognised as contract assets as at 31 March 2023 : Nil

Note 27 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
a) Interest income from financial assets at amortised cost	20.98	62.94
b) Dividend from non-current investments	4.67	1.14
c) Other non-operating income:		
- Rental income	8.60	0.54
- Profit on disposal of property, plant and equipment (net)	2.80	2.36
- Exchange gain (net)	4.18	3.02
- Miscellaneous	22.60	87.30
Total other income	65.74	158.20

Note 28 Cost of materials consumed

	Year ended 31 March 2023	Year ended 31 March 2022
Stock at beginning of the year	170.06	162.19
Add: Purchases	1,042.41	878.91
	1,212.47	1,059.06
Less: Sale of scrap and unserviceable material	(36.65)	(23.95)
	1,175.82	1,035.11
Less: Stock at the end of the year	(166.17)	(170.06)
Total cost of materials consumed	1,009.65	865.05

	Year ended 31 March 2023	Year ended 31 March 2022
Note 29 Changes in inventories		
Opening inventory	308.69	291.55
Less: Closing inventory	(319.73)	(308.69)
Total changes in inventories	**(11.04)**	**(17.14)**
Note 30 Employee benefits expense		
Salaries and wages	752.67	799.60
Contribution to provident and other funds	29.08	67.70
Staff welfare	56.08	66.23
Share based payment expense	0.00*	-
Total employee benefits expense	**838.83**	**933.53**

Note 30.1 On 29 September 2022, the Holding Company has obtained approval from shareholders by way of a special resolution in the Annual General Meeting for payment of managerial remuneration to Whole Time Directors ('WTDs') aggregating ₹ 10.50 crore for the financial year ending 31 March 2023. Consequent to the successful implementation of the resolution plan by the Holding Company effective 26 September 2022, the Company was no longer required to obtain the prior approval from lenders.

Further, the managerial remuneration to WTDs for the period 1 April 2019 to 31 March 2022 aggregating ₹ 41.64 crore was accrued, of which ₹ 6.41 crore was paid, for which the approval from shareholders were obtained but the requisite approval from lenders were awaited. In the absence of the specific approval from lenders, the Holding Company has decided to reverse/ adjust the aforementioned managerial remuneration from WTDs. In view of the successful implementation of the resolution plan with lenders, the Holding Company has also decided to make payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to WTDs for the period 01 April 2019 to 31 March 2022 and shareholders approval in the Annual General Meeting held on 29 September 2022 by way of a special resolution has been obtained by the Holding Company.

The aforementioned payments are in accordance with section 197 of the Act and no further approvals are required to be obtained by the Holding Company.

	Year ended 31 March 2023	Year ended 31 March 2022
Note 31 Finance costs		
Interest expense on		
- debentures	609.37	259.80
- term loan and cash credit facilities	134.14	393.64
- financial liabilities of an erstwhile subsidiary	90.15	156.77
- advance from contractees	100.38	108.75
- lease liabilities (Refer note 41)	2.93	3.32
- others	18.71	47.38
Other borrowing costs		
- guarantee commission	50.60	82.37
- others	10.83	4.19
Total finance costs	**1,012.31**	**1,056.22**
Note 32 Depreciation and amortisation expense		
a) Depreciation of tangible assets (Refer note 3A)	83.75	99.93
b) Depreciation on right-of-use assets (Refer note 3B)	30.81	30.32
c) Depreciation of investment properties (Refer note 4)	0.03	0.03
d) Amortisation of intangible assets (Refer note 5)	13.96	8.06
Total depreciation and amortisation expense	**128.55**	**138.34**
Note 33 Other expenses		
a) Stationery, postage, telephone and advertisement	5.70	4.67
b) Travelling and conveyance	41.28	34.80
c) Rates and taxes	30.02	24.27
d) Power, fuel and water	147.85	137.83
e) Insurance	28.87	30.49
f) Rent (Refer note 41)	91.70	88.64
g) Professional fees	60.70	47.85
h) Repairs and maintenance - building	4.83	4.02
i) Repairs and maintenance - others	11.87	11.18
j) Directors' sitting fees	0.57	0.75
k) Payment to auditors	6.65	5.95
l) Office expenses	13.60	25.05
m) Operation, maintenance and warranty	95.07	104.88
n) Selling and distribution expenses	4.44	5.88
o) IT support and computer maintenance	7.07	7.42
p) Loss allowance on financial assets	29.72	16.90
q) Miscellaneous expenses	30.83	25.78
Total other expenses	**611.63**	**580.21**

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	Year ended 31 March 2023	Year ended 31 March 2022
Note 34 Exceptional items		
a) Gain on implementation of debt resolution plan of Holding Company (Refer note 34.1)	**223.30**	-
b) Gain on one-time settlement with a customer (Refer note 34.2)	-	354.54
c) Gain on deconsolidation of a erstwhile subsidiary (Refer note 52)	**142.48**	-
d) Gain on settlement of debt (Refer note 34.3 below)	**43.96**	106.10
Total exceptional items	**409.74**	460.64

Notes :

Note 34.1 During the current year, the Holding Company has successfully implemented its debt resolution plan in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019 and pursuant to the approval granted by the Members in their Extra-Ordinary General Meetings held on 29 June 2021 and 23 March 2022. The key highlights of the Debt Resolution Plan are as follows:

a) Effective 1 July 2022, the Holding Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,894.11 crore in favor of PRPL.

b) PRPL has issued and allotted 28,544 non-convertible debentures ('NCD') having a face value of ₹ 1,000,000 each at par aggregating ₹ 2,854.40 crore for the consideration other than cash representing the debt novated to PRPL by the Company and the balance amounting to ₹ 1.29 crore has been paid upfront to the lenders;

c) The Holding Company has furnished Corporate Guarantee in favor of the PRPL's lenders for debt novated to PRPL as well as pledge of shares held by the Holding Company in PRPL to secure the above NCD's;

d) The specified terms of facilities have been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Holding Company, whose liabilities were taken over in earlier years by the Holding Company pursuant to exercise/ invocation of Put options and Corporate Guarantees issued by the Holding Company to LCL lenders. The liability towards LCL lenders has been extinguished by issuance of NCD; and

e) Upon the repayment of PRPL's liabilities, the beneficial interest of the PRPL's assets yet to be recovered or outstanding shall be assigned/ transferred and distributed between HCC and lenders of PRPL as per agreed terms and conditions.

Consequent to the above, assets and liabilities of a disposal group held for sale aggregating ₹ 2,894.11 crore and ₹ 2,855.69 crore, respectively, have been derecognised effective 1 July 2022. In addition, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, has been recognised in Statement of Profit and Loss and has been presented as an exceptional item.

Note 34.2 Gain on one-time settlement with a customer

On 22 September 2020, HCC Concessions Limited ('HCON') completed the 100% stake sale of its erstwhile subsidiary i.e. FRHL to Cube Highways II Pte. Ltd. ('Cube'). Additionally, as part of the agreement with Cube, HCON continued to remain entitled to its share of proceeds from settlement with NHAI, earn-outs (contingent on traffic/ revenue projections) and royalty representing revenue share from FRHL over the concessions period. During the previous year, material condition precedents were fulfilled for realisability of its share of settlement proceeds with NHAI, royalty income from FRHL and interest on holdback amounting to ₹ 312.56 crore, ₹ 23.97 crore and ₹ 18 crore, respectively. Accordingly, HCON (merged with HCC Infrastructure Company Limited ('HICL')) recognised the aforementioned receivables aggregating ₹ 354.54 crore in these financial statements. Considering the nature and materiality of amounts, the same was presented under exceptional items in the financial statements for the year ended 31 March 2022.

Note 34.3 Gain on settlement of debt

During the previous year, pursuant to an one time settlement by HICL with its lenders, the total outstanding debt (including interest thereon) aggregating ₹ 371.10 crore was settled for ₹ 265.00 crore resulting in a gain of ₹ 106.10 crore. Similiarly, in the current year, Raiganj Dalkhola Highways Limited ('RDHL'), wholly owned subsidiary of HICL, entered into one time settelment with its lenders, where part of outstanding debt (including interest thereon) aggregating ₹ 92.43 crore was settled for ₹ 48.47 crore resulting in a gain of ₹ 43.96 crore. The aforementioned resultant gains have been presented as exceptional items.

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Note 35 Earnings / (loss) per share (EPS)

Basic and diluted EPS

Earnings/ (loss) per share (Face value of ₹ 1 each) - for continuing operations

		Year ended 31 March 2023	Year ended 31 March 2022
A Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(26.59)	571.74
B Weighted average number of equity shares for EPS computation	(Nos.)	1,512,976,244	1,512,976,244
Add: Effect of dilution on account of employee stock option issued		12,035	-
Weighted average number of equity shares adjusted for the effect of dilution		1,512,988,279	1,512,976,244
C. EPS	(₹ per share)		
- Basic EPS		(0.18)	3.78
- Diluted EPS		(0.18)	3.78

Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations

		Year ended 31 March 2023	Year ended 31 March 2022
A Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(1.25)	(9.00)
B Weighted average number of equity shares for EPS computation	(Nos.)	1,512,976,244	1,512,976,244
Add: Effect of dilution on account of employee stock option issued		12,035	-
Weighted average number of equity shares adjusted for the effect of dilution		1,512,988,279	1,512,976,244
C. EPS - Basic and Diluted	(₹ per share)		
- Basic EPS		(0.01)	(0.06)
- Diluted EPS		(0.01)	(0.06)

Earnings / (loss) per share (Face value of ₹ 1 each) - for total operations

		Year ended 31 March 2023	Year ended 31 March 2022
A Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(27.84)	562.74
B Weighted average number of equity shares for EPS computation	(Nos.)	1,512,976,244	1,512,976,244
Add: Effect of dilution on account of employee stock option issued		12,035	-
Weighted average number of equity shares adjusted for the effect of dilution		1,512,988,279	1,512,976,244
C. EPS - Basic and Diluted	(₹ per share)		
- Basic EPS		(0.18)	3.72
- Diluted EPS		(0.18)	3.72

Hincon House, L.B.S. Road, Vikhroli (W)

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Note 36 Contingent liabilities and commitments

A. Contingent liabilities	**As at 31 March 2023**	As at 31 March 2022
(i) Claims not acknowledged as debts by the Group	**194.39**	181.32
(ii) Income tax liability that may arise in respect of which the Group is in appeals	**118.18**	132.01
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	**162.66**	205.53
(iv) Put option given to lenders of Lavasa Corporation Limited to sell debentures to the Holding Company in the event of default (including interest and penal charges thereon) (Refer note 21.1)	-	976.60
(v) Other	-	0.99

Note : It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

B. Commitments	**As at 31 March 2023**	As at 31 March 2022
(i) Capital commitment (net of advances)	**1.29**	294.08
(ii) Other commitments	-	1.25

Note 37 : HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 31 March 2023 stands at ₹ 7,275.47 crore.

LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debts due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial statements as at year ended 31 March 2023, as impact, if any, is currently unascertainable. Further, the aforementioned liabilities of lenders are restricted to HREL and do not have any recourse to the Holding Company or other Group companies.

Note 38 : Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables includes ₹ 802.33 crore, ₹ 255.69 crore and ₹ 57.52 crore, respectively, outstanding as at 31 March 2023 representing receivables from customers of Holding Company based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work, for which Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.

Note 39 : Short-term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), a wholly owned step-down subsidiary, as at 31 March 2023 includes ₹ 43.13 crore and ₹ 50.63 crore, respectively, for which confirmations from lenders have not been received. Further, during the year, Yes Bank has assigned entire RDHL loan/ facility to J.C. Flowers Asset Reconstruction Private Limited ("JCF ARC") on 16 December 2022. The loan / facility has been assigned as per stipulations under Financing Agreements executed amongst the consortium lenders including Yes Bank. Yes Bank has stated that the total loan outstanding as on 30 November 2022 is ₹ 44.75 crore, however the same is subject to reconciliation. In the meanwhile, the Company has also requested JCF ARC to provide the detailed loan statements, terms of repayment and interest rate etc. which is still awaited. In the absence of such confirmation or communication, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders / bankers at the terms specified in the agreements. RHDL's believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

Note 40 : The Notification under Section 3C(1) under the Maharashtra Slum Area (Improvement & Redevelopment) Act, 1971 declaring the land parcel at Vikhroli (East) held by the Panchkutir Developers Limited ('PDL'), a subsidiary of Holding Company, as "Slum Rehabilitation Area" has been challenged by some persons and appeals preferred are pending in the Bombay High Court. Similarly, a suit filed in the High Court by some persons for declaration that they are Lessees of the said property is also pending. Suit filed by PDL for vacant and peaceful possession of part of the said land is in the Small Causes Court, Mumbai. On 12 December 2021, Small Causes Court passed ex-parte decree & judgement in PDL's favour. The opposite party has filed application to set aside the order of Decree and Judgement.

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Note 41 Leases - Ind AS 116

Right-of-use assets:

The net carrying value of right-of use assets as at 31 March 2023 amounts to ₹ 186.80 crore (31 March 2022 ₹ 217.61 crore) have been disclosed on the face of the balance sheet (Also, refer note 3B)

Lease liabilities:

As at 31 March 2023, the obligations under leases amounts to ₹ 217.05 crore (31 March 2022 226.82 crore), which have been classified as lease liabilities on the face of balance sheet [non-current ` 185.70 crore and current ` 31.35 crore (31 March 2022 : non-current ` 197.67 crore and current ` 29.15 crore)]

The following is the movement in lease liabilities

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	**226.82**	243.68
Additions during the year	-	2.16
Finance cost accrued during the year	**0.13**	3.41
Payment of lease liabilities	**(9.77)**	(19.01)
Translation difference	**(0.13)**	(3.42)
Balance at the end of the year	**217.05**	226.82

The table below provides details regarding the contractual maturities (undiscounted) of lease liabilities

Lease Liabilities	Carrying amount	Contractual cash flows			
		Total	0-1 year	1-5 years	5 years and above
31 March 2023	217.05	244.23	36.81	143.60	63.82
31 March 2022	226.82	256.42	34.99	130.78	89.65

During the year ended 31 March 2023, the Group recognised the following in the Statement of Profit and Loss:

(i) Depreciation expense from right-of-use assets of ₹ 30.81 crore (31 March 2022 ₹ 30.32 crore) (Refer note 32)

(ii) Finance cost on lease liabilities of ₹ 0.13 crore (31 March 2022 ₹ 3.41 crore) (Refer note 31)

(iii) Rent expense amounting to Nil (31 March 2022 Nil) and ` 81.70 crore (31 March 2022 ` 98.64 crore) pertaining to leases with less than twelve months of lease term have been included under rent expense (Refer note 33). Further the group does not have rent expenses relating to leases of low-value assets

(Amount in ₹ crore, unless otherwise stated)

Note 42 Related Party Disclosures

A. Names of related parties and nature of relationship

Sr N	Name	Country of Incorporation	Group's holding as at (%)	
			31 March 2023	31 March 2022
a)	**Joint venture**			
	Werkarena Basel AG	Switzerland	**50.00**	50 00
b)	**Associates**			
	Evostate AG	Switzerland	**30.00**	30 00
	Evostate Immobilien AG (Subsidiary of Evostate AG)	Switzerland	**30.00**	30 00
	MCR Managing Corp. Real Estate	Switzerland	**30.00**	30 00
	Hegias AG, Zurich (with effect from 18 August 2022)	Switzerland	**23.20**	-
	Highbar Technocrat Limited	India	**49.00**	49 00

c) Key Management Personnel and relative of Key Management Personnel

Name	Relationship
Mr. Ajit Gulabchand	Chairman and Managing Director (upto 31 March 2023) Chairman and Non-Executive Director (w.e.f. 1 April 2023)
Mr. Jaspreet Bhullar	Chief Executive Officer (from 23 March 2022 to 31 March 2023) Chief Executive Officer and Managing Director (w.e.f. 1 April 2023)
Mr. Arjun Dhawan	Group Chief Executive Officer and Whole Time Director (upto 22 March 2022)
Mr. Mukul Sarkar	Nominee Director
Mr. N. R. Acharyulu	Independent Director
Dr. Mita Dixit	Independent Director
Mr. Anil C. Singhvi	Independent Director (upto 23 December 2021)
Mr. Arun Karambelkar	Non-Executive, Non-Independent Director (w.e.f 23 June 2021)
Mr. Mahendra Singh Mehta	Independent Director
Mr. Santosh Janakiram Iyer	Independent Director
Mr. Vithal P. Kulkarni	Company Secretary (upto 12 May 2022)
Mr. Nitesh Jha	Company Secretary (w.e.f 12 May 2022)
Mr. Rahul Rao	Chief Financial Officer (w.e.f 12 August 2021)
Mr. U.V. Phani Kumar	Chief Executive Officer - E&C (upto 23 March 2022)

d) Other related parties

Name	Relationship
Mrs. Shalaka Gulabchand Dhawan	Daughter of Chairman and Non-Executive Director and Wife of Vice Chairman and Whole Time Director
Gulabchand Foundation (formed under section 25 of the erstwhile Companies Act, 1956)	Other related party
Hincon Holdings Limited	Other related party
Hincon Finance Limited	Other related party
Shalaka Investment Private Limited	Other related party
Aarya Capital Management Private Limited	Other related party
HCC Employee's Provident Fund	Post-employment contribution plan
Stiftung der Steniner AG (Steiner pension foundation)	Post-employment benefit plan

(Amount in ₹ crore, unless otherwise stated)

Note 42 Disclosure in accordance with Ind AS 24 Related Party Disclosures
B. Nature of Transactions

	As at 31 March 2023	As at 31 March 2022
Transactions with related parties:		
Revenue from operations		
Joint ventures		
- Werkarena Basel AG	1.81	172.68
	1.81	172.68
Associate		
- Highbar Technocrat Limited	0.16	0.22
	0.16	0.22
Reimbursement of expenses		
Associates		
- Highbar Technocrat Limited	-	0.77
	-	0.77
Other related parties		
- Hincon Finance Limited	-	0.26
	-	1.00
Professional fees		
Associates		
- Highbar Technocrat Limited	2.28	3.83
	2.28	3.83
Other services received		
Other related party		
- Hincon Holding Limited	-	0.24
	-	0.24
Associate		
- Evostate AG	-	2.69
	-	2.69
Remuneration paid/ accrued to Key Management Personnel		
(a) Short-term employee benefits		
- Mr. Ajit Gulabchand	5.13	6.17
- Mr. Arjun Dhawan	4.67	6.63
- Mr. Vithal P. Kulkarni	0.30	1.16
- Mr. U. V. Phani Kumar	-	2.95
- Mr. Jaspreet Bhullar	2.49	0.31
- Mr. Rahul Rao	1.19	0.69
- Mr. Nitesh Kumar Jha	0.38	-
	14.16	17.91
(b) Post employment benefits		
- Mr. Ajit Gulabchand	0.37	0.83
- Mr. Arjun Dhawan	0.33	0.37
- Mr. U. V. Phani Kumar	-	0.09
- Mr. Jaspreet Bhullar	0.10	0.00
- Mr. Rahul Rao	0.06	0.04
- Mr. Nitesh Kumar Jha	0.01	-
	0.87	1.33
(c) Total remuneration [(a) + (b)]		
- Mr. Ajit Gulabchand	5.50	7.00
- Mr. Arjun Dhawan	5.00	7.00
- Mr. Vithal P. Kulkarni	0.30	1.16
- Mr. U. V. Phani Kumar	-	3.04
- Mr. Jaspreet Bhullar	2.59	0.31
- Mr. Rahul Rao	1.25	0.73
- Mr. Nitesh Kumar Jha	0.39	-
	15.03	19.24
Remuneration paid/ accrued		
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	1.30	1.28
	1.30	1.28
Directors' sitting fees paid / accrued		
Key management personnel		
- Mr. Anil C. Singhvi	-	0.10
- Mr. N. R. Acharyulu	0.18	0.16
- Mr. Arun V. Karambelkar	0.01	0.04
- Mr. Santosh Jankiram Iyer	0.10	0.11
- Mr. Mahendra Singh Mehta	0.15	0.18
- Mr. Mukul Sarkar	0.04	0.05
- Dr. Mita Dixit	0.09	0.11
	0.57	0.75

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Note 42 Disclosure in accordance with Ind AS 24 Related Party Disclosures

	As at 31 March 2023	As at 31 March 2022
Outstanding balances:		
Outstanding receivables		
Trade receivables		
Joint ventures		
- Werkarena Basel AG	-	16.95
Associate		
- Highbar Technocrat Limited	0.14	0.35
	0.14	17.30
Other receivables		
Other related parties		
- Hincon Holdings Limited	-	0.01
	-	0.01
Inter corporate deposits		
Joint ventures		
- Werkarena Basel AG	36.11	34.71
Associate		
- Evostate AG	0.47	22.61
	36.58	57.32
Outstanding payables		
Other payables		
Associates		
- Highbar Technocrat Limited	1.75	1.90
Other related parties		
- Hincon Holdings Limited	0.00 *	0.01
	1.75	1.91
Retention payable		
Associates		
- Highbar Technocrat Limited	-	0.72
	-	0.72
Remuneration payable (net)		
- Key management personnel		
- Mr. Ajit Gulabchand	0.35	17.39
- Mr. Arjun Dhawan	0.12	16.77
- Mr. Rahul Rao	0.10	0.10
- Mr. Jaspreet Bhullar	0.22	0.32
- Mr. Nitesh Kumar Jha	0.03	-
- Mr. U. V. Phani Kumar	-	0.15
- Mr. Vithal P. Kulkarni	-	0.08
	0.82	34.81
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	0.11	0.11
	0.11	0.11
	0.93	34.92

* represents amount less than ₹ 1 lakh

Notes:

(i) The above figure does not include provisional gratuity liability valued by an actuary, as

(ii) Refer note 20 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Holding Company or the related parties.

(iii) All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis

(Amount in ₹ crore, unless otherwise stated)

Note 43 Financial instruments

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

(a) Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

A Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2023

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value	Total fair value
Assets						
Investments						
Investments in equity shares (unquoted)	6, 6A	-	-	14.21	14.21	14.21
Investments in equity shares (quoted)	6A	-	-	4.90	4.90	4.90
Investments in debentures	6A	-	-	-	-	-
Investment in mutual funds (unquoted)	13	-	0.70	-	0.70	0.70
Trade receivables	7	2,850.80	-	-	2,850.80	2,850.80
Loans	8	42.28	-	-	42.28	42.28
Other financial assets	9	87.41	3,127.97	-	3,215.38	3,215.38
Cash and cash equivalents	14	581.91	-	-	581.91	581.91
Bank balances other than cash and cash equivalents	15	571.63	-	-	571.63	571.63
Liabilities:						
Borrowings (including current maturities of long term debts)	20	5,294.53	-	-	5,294.53	5,294.53
Trade payables	23	2,901.21	-	-	2,901.21	2,901.21
Lease liabilities	41	217.06	-	-	217.06	217.06
Other financial liabilities	21	2,565.40	-	-	2,565.40	2,565.40

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2022

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value	Total fair value
Assets:						
Investments						
Investments in equity shares (unquoted)	6, 6A	-	-	16.12	16.12	16.12
Investments in equity shares (quoted)	6A	-	-	6.32	6.32	6.32
Investments in debentures	6A	-	15.46	-	15.46	15.46
Investment in mutual funds (unquoted)	13	-	0.66	-	0.66	0.66
Trade receivables	7	4,613.04	-	-	4,613.04	4,613.04
Loans	8	57.32	-	-	57.32	57.32
Others financial assets	9	111.51	-	-	111.51	111.51
Cash and cash equivalents	14	720.97	-	-	720.97	720.97
Other bank balances	15	621.42	-	-	621.42	621.42
Liabilities:						
Borrowings (including current maturities of long-term debts)	20	4,918.28	-	-	4,918.28	4,918.28
Trade payables	23	3,058.53	-	-	3,058.53	3,058.53
Lease liabilities	41	226.82	-	-	226.82	226.82
Other financial liabilities	21	3,445.57	-	-	3,445.57	3,445.57

B Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	31 March 2023			31 March 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in equity shares (quoted)	4.90	-	-	6.32	-	-
Investments in equity shares (unquoted)	-	13.65	0.56	-	15.36	0.76
Investments in debentures (unquoted)	-	-	-	-	15.46	-
Investment in mutual funds (unquoted)	-	0.70	-	-	0.66	-
Other financial assets	-	-	3,127.97	-	-	-

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Note 44 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

I) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

a) Interest rate risk

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) total equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Year ended 31 March 2023	Year ended 31 March 2022
Increase in basis points	100 basis points	
Increase	2.92	12.80
Decrease in basis points	100 basis points	
Decrease	(2.92)	(12.80)

b) Foreign currency risk

The Group has several balances in foreign currency and consequently the Group is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The following table analyses foreign currency risk from financial instruments as at 31 March 2023

(currency in crore)

Particulars	USD	EUR	SEK	CHF	SGD	CAD
Assets						
Advance to suppliers	0.01	0.01	-	-	-	0.02
Trade receivables	0.00 *	0.09	-	1.10	-	-
Bank balances (including deposit accounts)	0.00 *	0.01	-	7.89	-	-
Other financial assets	-	-	-	0.19	-	-
Unbilled work-in-progress (contract asset)	-	0.09	-	15.24	-	-
	0.01	0.20	-	24.42	-	0.02
Liabilities						
Borrowings	4.12	-	-	2.77	-	-
Advance from contractee	-	0.61	-	-	-	-
Trade payables	0.27	0.32	0.12	12.27	0.01	-
Interest accrued	0.24	-	-	-	-	-
	4.63	0.93	0.12	15.04	0.01	-
Net assets / (liabilities)	**(4.62)**	**(0.73)**	**(0.12)**	**9.38**	**(0.01)**	**0.02**

The following table analyses foreign currency risk from financial instruments as at 31 March 2022

(currency in crore)

Particulars	USD	EUR	SEK	CHF	SGD	CAD
Assets						
Advance to suppliers	0.01	0.08	0.05	- *	-	0.02
Trade receivables	0.00 *	0.19	-	4.03	-	-
Bank balances (including deposit accounts)	0.00 *	0.00 *	-	12.05	-	-
Other financial assets	-	-	-	0.61	-	-
Unbilled work-in progress (contract asset)	-	0.11	-	16.56	-	-
	0.01	0.38	0.05	33.25	-	0.02
Liabilities						
Borrowings	4.36	-	-	1.83	-	-
Advance from contractee	-	0.62	-	-	-	-
Trade payables	0.27	0.23	0.01	14.99	0.00 *	-
Interest accrued	0.65	-	-	-	-	-
	5.28	0.85	0.01	16.82	0.00 *	-
Net assets / (liabilities)	**(5.27)**	**(0.47)**	**0.04**	**16.43**	**(0.00)**	**0.02**

Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31 March, 2022 : 5%) would have increased/ (decreased) total equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

	Year ended 31 March 2023	Year ended 31 March 2022
Increase in basis points	100 basis points	100 basis points
Increase	17.30	42.36
Decrease in basis points	100 basis points	100 basis points
Decrease	(17.30)	(42.36)

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c) Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors review and approve all equity investment decisions.

As at 31 March 2023, the exposure to listed equity securities including mutual fund at fair value was ₹ 4.89 crore (31 March 2022: ₹ 6.32 crore). A movement (decrease / increase) of 10% in the value of listed securities could have an impact of approximately ₹ 0.49 crore on the Other Comprehensive Income or equity attributable to owners of parent. These changes would not have a material effect on the total equity and profit or loss of the Group.

ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

a) Trade receivable (gross of provision)

Trade receivables are typically unsecured and are derived from revenue earned from two main classes of trade receivables i.e. receivables from government promoted agencies and receivables from private third parties. A substantial portion of the Group's trade receivables are from government promoted agencies having strong credit worthiness.

	As at 31 March 2023		As at 31 March 2022	
	Amount	%	Amount	%
Trade receivable				
- from government promoted agencies	2,294.95	79.57%	3,841.69	83.22%
- from private parties	589.16	20.43%	774.49	16.78%
Total trade receivables* (Refer note 7)	2,884.11	100.00%	4,616.18	100.00%

* includes balances classified assets of a disposal group held for sale as at 31 March 2022

The movement of the allowance for lifetime expected credit loss is stated below:

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	3.14	3.01
Allowance for expected credit loss	29.72	16.90
Impact of exchange fluctuation	0.45	0.10
Written off as bad debts	-	(16.87)
Balance at the end of the year	33.31	3.14

b) Financial assets other than trade receivables

Financial assets other than trade receivables comprise of cash and cash equivalents, bank balances other than cash and cash equivalents, loan to employees and other financial assets. The Group monitors the credit exposure on these financial assets on a case to case basis. Based on the Group's historical experience, the credit risk on other financial assets is also low.

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from external customers:		
India	5,477.18	4,720.73
Outside India	4,379.41	5,947.53
Total revenue from operations	9,856.59	10,668.26

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from top customer	722.06	903.10
Revenue from top five customers	2,903.09	2,390.96

For the year ended 31 March 2023, Nil (31 March 2022: Nil) customer, individually, accounted for more than 10% of the revenue.

c) Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings.

iii) Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities.

Particulars	Less than 1 year #	1 - 5 years	More than 5 years	Total
As at 31 March 2023				
Borrowings (including interest accrued)	630.22	4,144.63	2,392.80	7,167.65
Trade payables	2,509.04	482.17	-	2,991.21
Lease liabilities	38.81	143.60	63.82	244.23
Other financial liabilities	648.20	52.37	-	700.55
Total	3,824.27	4,822.77	2,456.62	11,103.64
As at 31 March 2022				
Borrowings (including interest accrued)	3,876.02	1,992.38	53.55	5,921.95
Trade payables	2,726.63	[illegible]	-	3,058.54
Lease liabilities	34.99	130.78	89.65	255.42
Other financial liabilities	801.71	587.68	-	1,389.39
Total	7,439.35	3,042.76	143.20	10,625.30

\# includes loan repayable on demand

Note 45 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The Group strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim is to maintain an optimal capital structure and minimise cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt (excluding interest accrued) divided by total capital plus total debt.

	As at 31 March 2023	As at 31 March 2022
Total debt	5,294.62	4,916.28
Total equity plus total debt	(754.08)	(698.84)
Total debt to equity ratio (gearing ratio)	(7.02)	(7.04)

In the long run, the Group's strategy is to maintain a positive gearing ratio of less than 1.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

Note 46 Disclosures required pursuant to Ind AS 102 Share Based Payment

The Holding Company during the current year ended 31 March 2023 has granted stock options under the HCC Employees Stock Option Scheme ('ESOP Scheme'). These options would vest based on the vesting conditions as per letter of grant executed between the Holding Company and its employees. Each option when exercised would be converted into one fully paid up equity share of ₹ 1 each of the Holding Company. The relevant details of the scheme, grant and activity under ESOP Scheme are summarised below

A. The number and weighted average exercise prices of, and movements in, share option:

Particulars	No of Options	Exercise Price (₹)
Options outstanding as at 1 April 2021	-	-
Options granted during the year	-	-
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
Options outstanding as at 31 March 2022	-	-
Options outstanding as at 1 April 2022	-	-
Options granted during the year	371,748	13 45
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
Options outstanding as at 31 March 2023	**371,748**	**13.45**

The weighted average of the remaining contractual life is 2.96 years

B. Fair value of the options has been calculated using Black Scholes Pricing Model. The following inputs were used to determine the fair value for options granted during the period:

Particulars	Unit	ESOP Scheme
Vesting period	Years	3 years
Date of grant	Date	15 March 2023
Market price	₹	₹ 14 85
Expected life	Years	2 96 years
Volatility	%	64%
Risk free rate	%	7 36%
Exercise price	₹	₹ 13 45
Dividend yield	%	NIL
Option fair value	₹	₹ 8 31

Note:

Expected volatility reflects assumption that the historical volatility over a year similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome

(Amount in ₹ crore, unless otherwise stated)

Note 47 Interest in other entities

47.1 Subsidiaries

The Group's subsidiaries as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Steiner AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Construction SA (incorporated w.e.f 12 July 2022)	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner (Deutschland) GmbH	Germany	100.00	100.00	-	-	Engineering and construction
VM + ST AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Leman SAS	France	100.00	100.00	-	-	Engineering and construction
Steiner India Limited	India	100.00	100.00	-	-	Engineering and construction
Manufakt8048 AG	Switzerland	100.00	100.00	-	-	Engineering and construction
HCC Contract Solutions Limited	India	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Infrastructure Company Limited**	India	100.00	100.00	-	-	Infrastructure - Toll Management
Baharampore Farakka Highways Limited (Upto 29	India	100.00	100.00	-	-	Infrastructure - Toll Management
Narmada Bridge Tollway Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
Raiganj-Dalkhola Highways Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
Badarpur Faridabad Tollway Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
HCC Operation and Maintenance Limited	India	100.00	100.00	-	-	Infrastructure - Operation and Maintenance of Road
HREL Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
Panchkutir Developers Limited	India	100.00	100.00	-	-	Real Estate Development
HRL (Thane) Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
HRL Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Nashik Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Maan Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Powai Real Estate Developer Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Realty Limited	India	100.00	100.00	-	-	Real Estate Development
Western Securities Limited	India	97.87	97.87	2.13	2.13	Others - Insurance auxiliary services
Highbar Technologies Limited	India	100.00	100.00	-	-	Others - Information Technology
HCC Aviation Limited	India	100.00	100.00	-	-	Others - Aircraft services
Prolific Resolution Private Limited	India	100.00	100.00	-	-	Others - Services of recovering, assessing/managing claims, awards etc

^ including through subsidiary companies

** The Board of Directors of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary of the Holding Company, at its meeting held on 18 November 2021 had approved a Scheme of Merger by absorption (the 'Scheme') of HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited (together referred to as the 'transferor companies') with HICL. The shareholders of the transferor companies had also approved the Scheme at their separate meetings.

The Hon'ble National Law Tribunal, Mumbai Bench ('NCLT') has approved the aforesaid scheme vide its order dated 23 November 2022 (considering 1 April 2021 as the 'Appointed Date'). The certified true copy of the said order was received by HICL on 9 February 2023 and the order was filed with the Registrar of Companies on 30 March 2023. Pursuant to the Scheme, HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited which hitherto considered as subsidiary has also been merged with HICL w.e.f. 1 April 2021.

47.2 Non-controlling Interest (NCI)

The following table summarises the information relating to the subsidiaries that has NCI. The amounts disclosed are before intra-group eliminations

Particulars	Western Securities Limited	
	31 March 2023	31 March 2022
NCI percentage	**2.13%**	2.13%
Summarised balance sheet		
Current assets (A)	**0.66**	0.56
Non-current assets (B)	**2.18**	2.48
Current liabilities (C)	**0.75**	0.69
Non-current liabilities (D)	**0.14**	0.15
Net assets (A+B-C-D)	1.95	2.20
Net assets attributable to NCI	**0.04**	0.05
Summarised statement of profit and loss		
Revenue	-	0.15
Profit/(loss) for the year	**(0.23)**	0.12
Other comprehensive income/(loss)	**(0.01)**	0.03
Total comprehensive income	**(0.24)**	0.15
Profit/(loss) allocated to NCI	**(0.00)** *	0.00 *
OCI allocated to NCI	**(0.00)** *	0.00
Total comprehensive income allocated to NCI	**0.00** *	0.00 *
Summarised cash flows		
Cash flow from operating activities	**0.21**	(0.15)
Cash flow from investing activities	**(0.15)**	(0.61)
Cash flow from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	**0.06**	(0.76)

* Represents amount less than ₹ 1 lakh

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(Amount in ₹ crore, unless otherwise stated)

47.3 Interest in associates and joint ventures

	Note	Carrying amount as at	
		31 March 2023	31 March 2022
Interest in associates	See (A) below	66.66	20.47
Interest in joint ventures	See (B) below	0.00 *	0.00 *
		[illegible]	20.47

(A) Interest in associates

The Group's associates as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at ^		Principal activities
			31 March 2023	31 March	
Evostate AG	Switzerland	30.00	10.67	3.66	Real estate development
MCR Managing Corporate Real Estate AG	Switzerland	30.00	1.41	0.84	Real estate development
Hegias AG	Switzerland	23.20	27.10	NA	IT services
Highbar Technocrat Limited	India	49.00	28.48	15.97	IT services
Total			[illegible]	20.47	

^ Unlisted entity - no quoted price available

Refer note 47.4 for the summarised financial information of associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil.

(B) Interest in joint ventures

The Group's joint ventures as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at ^		Principal activities
			31 March 2023	31 March	
Werkarena Basel AG	Switzerland	50.00	0.00 *	0.00 *	Real estate development
			[illegible]	0.00	

* Represents amount less than ₹ 1 lakh.

^ Unlisted entity - no quoted price available

Refer Note 47.5 for the table below provide summarised financial information of joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant joint ventures and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in joint ventures is Nil.

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Note 47.4 Table below provide summarised financial information for associates

Particulars	Evostate AG		MCR Managing Corporate Real Estate AG		Hagias AG	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Summarised Balance Sheet						
Current assets (A)	346.86	181.96	5.18	3.24	16.49	-
Non-current assets (B)	-	0.81	-	-	25.04	-
Current liabilities (C)	315.18	166.97	0.46	0.41	7.61	-
Non-current liabilities (D)	-	-	-	-	0.58	-
Net assets (A+B-C-D)	**31.68**	**15.79**	**4.72**	**2.83**	**33.34**	*
Summarised Statement of Profit and Loss						
Revenue	-	98.44	0.22	-	14.46	-
Profit / (loss) for the year (A)	**22.69**	**2.24**	**1.50**	**(1.61)**	**(13.10)**	*
Other comprehensive income (B)	-	-	-	-	-	*
Total comprehensive income (A+B)	**22.69**	**2.24**	**1.50**	**(1.61)**	**(13.10)**	*

Particulars	Highbar Technocrat Limited	
	31 March 2023	31 March 2022
Summarised Balance Sheet		
Current assets (A)	68.49	57.37
Non-current assets (B)	3.53	8.16
Current liabilities (C)	29.25	32.03
Non-current liabilities (D)	0.97	0.82
Net assets (A+B-C-D)	**41.80**	**32.68**
Summarised Statement of Profit and Loss		
Revenue	99.12	104.68
Profit/(loss) for the year (A)	**9.73**	**5.58**
Other comprehensive income (B)	(0.53)	(0.20)
Total comprehensive income (A+B)	**9.20**	**5.38**

* Represents amount less than ₹ 1 lakh

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

Note 47.5 - Financial information for joint ventures:

Particulars	Werkarena Basel AG	
	31 March 2023	31 March 2022
Summarised Balance Sheet		
Cash and cash equivalents	18.14	4.32
Other assets	441.30	375.84
Current assets (A)	**459.44**	**380.16**
Non-current assets (B)	-	-
Financial liabilities (excluding trade and other payable and provision)	-	0.47
Other liabilities	302.55	235.85
Current liabilities (C)	**302.55**	**236.32**
Financial liabilities (excluding trade and other payable and provision)	143.60	-
Other liabilities	-	138.86
Non-current liabilities (D)	**143.60**	**138.86**
Net assets (A+B-C-D)	**13.29**	**4.98**
Summarised Statement of Profit and Loss		
Revenue (A)	**1.98**	**0.47**
Employee benefit expenses	-	-
Depreciation and amortization	-	-
Finance Cost	3.84	4.49
Other Expenses	1.34	2.35
Total Expenses (B)	**5.18**	**6.84**
Profit/ (Loss) before Exceptional Items (C=A-B)	**(3.20)**	**(6.37)**
Tax Expense (D)	0.79	-
Profit for the year from continued business (E=C-D)	**(2.41)**	**(6.37)**
Loss from discontinued business (F)	-	-
Profit for the year (G=E+F)	**(2.41)**	**(6.37)**
Other Comprehensive Income (H)	2.24	-
Total comprehensive income (I=G+H)	**(0.17)**	**(6.37)**

Hindustan Construction Company Ltd. Hincon House, L.B.S. Road, Vikhroli (W) Mumbai-83

Walker Chandiok & Co LLP Mumbai Chartered Accountants

(Amount in ₹ crore, unless otherwise stated)

Note 47.6 Interest in other entities (Joint operations (unincorporated entities))

The Group's share of interest in joint operations is set out below

Name of the entity	% of ownership interest held by the Group		Name of Joint operator	Principal place of business	Principal activities
	31 March 2023	31 March 2022			
HCC - L&T Purulia Joint Venture	57.00	57.00	Larsen and Toubro Limited	India	Construction
Nathpa Jhakri Joint venture	40.00	40.00	Impreg Io Spa, Italy	India	Construction
Kumagai - Skanska - HCC - Itochu Joint Venture	19.60	19.60	Skanska, Kumagai	India	Construction
Alpine - Samsung-HCC Joint Venture	33.00	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	India	Construction
Alpine - HCC Joint Venture	49.00	49.00	Alpine Meyreder Bau	India	Construction
HCC - Samsung Joint Venture CC-34	50.00	50.00	Samsung C&T Corporation	India	Construction
HCC - HDC Joint Venture	55.00	55.00	Hyundai Development Company	India	Construction
HCC - VCCL Joint Venture	50.00	50.00	Veeser Constructions Co Ltd	India	Construction

i) Classification of joint arrangements

The aforementioned entities are joint arrangements whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets and obligations for the liabilities, relating to the arrangement. The Holding Company (i.e. Joint Operator) recognises its direct right to assets, liabilities, revenue and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses and are incorporated in the Holding Company's financial statements under the respective financial statement line item.

	As at 31 March 2023	As at 31 March 2022
ii) Summarised balance sheet		
Total assets	265.14	272.30
Total liabilities	394.62	440.44
iii) Contingent liability/ capital commitment as at reporting date		
Contingent liability	32.23	32.23
Capital and other commitment	-	-

	Year ended 31 March 2023	Year ended 31 March 2022
iv) Summarised statement of profit and loss account		
Revenue from operations	358.79	350.23
Other income	2.29	4.81
Total expenses (including taxes)	362.65	358.81

Note 48 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

As at 31 March 2023

Name of the entity	Country of incorporation	% of voting power	Net assets / (liabilities) i.e. total assets minus total liabilities		Share in profit / (loss) (including discontinued operations)		Share in other comprehensive income		Share in total comprehensive income / (loss)	
			Amount	As % of consolidated net assets / (liabilities)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Hindustan Construction Company Limited	India	-	720.92	92.92%	253.42	-459.89%	0.66	-1.83%	254.08	-278.03%
Subsidiaries **										
Indian										
HCC Real Estate Limited	India	100.00%	(537.86)	-69.33%	(1.56)	2.83%	-	-	(1.56)	1.71%
HCC Infrastructure Company Limited	India	100.00%	171.74	22.14%	111.77	-202.83%	0.12	-0.33%	111.89	-122.43%
HCC Construction Limited	India	100.00%	(0.00)	0.00%	(0.01)	0.01%	-	-	(0.01)	0.01%
Panchkutir Developers Limited	India	100.00%	41.97	5.41%	(0.00)	0.00% *	-	-	(0.00)	0.00%
Maan Township Developers Limited	India	100.00%	(11.33)	-1.46%	(0.00)	0.00%	-	-	(0.00)	0.00%
HRL Township Developers Limited	India	100.00%	(0.54)	-0.07%	(0.00)	0.00%	-	-	(0.00)	0.00%
Western Securities Limited	India	97.87%	1.96	0.25%	(0.23)	0.42%	(0.01)	0.03%	(0.24)	0.27%
Highbar Technologies Limited	India	100.00%	5.45	0.70%	3.08	-5.58%	(0.19)	0.53%	2.89	-3.17%
Prolific Resolution Private Limited	India	100.00%	7.20	0.93%	(58.73)	106.57%	-	0.00%	(58.73)	64.26%
Foreign										
Steiner AG	Switzerland	100.00%	487.33	62.81%	(351.79)	638.40%	(24.60)	67.78%	(376.39)	411.86%
HCC Mauritius Enterprises Limited	Mauritius	100.00%	(88.17)	-11.36%	(19.35)	35.12%	(9.32)	25.67%	(28.67)	31.37%
HCC Mauritius Investments Limited	Mauritius	100.00%	(22.85)	-2.95%	8.30	-15.06%	(2.95)	8.16%	5.35	-5.85%
TOTAL			**775.82**	**100.00%**	**(55.10)**	**100.00%**	**(36.29)**	**100.00%**	**(91.39)**	**100.00%**
a) Adjustments arising out of consolidation			(1,490.20)		27.26		10.53		37.79	
b) Non-controlling interest in subsidiaries			0.00*		(0.00)*		(0.00)*		(0.00)*	
TOTAL			**(714.38)**		**(27.84)**		**(25.76)**		**(53.60)**	

* Represents amount less than ` 1 lakh

** Including step-down subsidiaries and their joint ventures / associates

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

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Note 48 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

As at 31 March 2022

Name of the entity	Country of incorporation	% of voting power	Net assets / (liabilities) i.e. total assets minus total liabilities		Share in profit / (loss) (including discontinued operations)		Share in other comprehensive income		Share in total comprehensive income / (loss)	
			Amount	As % of consolidated net assets / (liabilities)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Hindustan Construction Company Limited	India	-	468.33	52.63%	(153.10)	-27.81%	7.86	10.46%	(145.25)	-23.22%
Subsidiaries **										
Indian										
HCC Real Estate Limited	India	100.00%	(536.30)	-60.27%	3.15	0.57%	-	-	3.15	0.50%
HCC Infrastructure Company Limited	India	100.00%	182.73	20.54%	397.59	72.22%	0.00	0.00%	397.59	63.55%
HCC Construction Limited	India	100.00%	0.00	0.00%	(0.00)	0.00%	-	-	(0.00)	0.00%
Panchkutir Developers Limited	India	100.00%	41.97	4.72%	(0.01)	0.00% *	-	-	(0.01)	0.00%
Maan Township Developers Limited	India	100.00%	(11.33)	-1.27%	(0.01)	0.00%	-	-	(0.01)	0.00%
HRL Township Developers Limited	India	100.00%	(0.54)	-0.06%	(0.00)	0.00%	-	-	(0.00)	0.00%
Western Securities Limited	India	97.87%	2.20	0.25%	0.11	0.02%	0.04	0.05%	0.15	0.02%
Highbar Technologies Limited	India	100.00%	2.57	0.29%	0.77	0.14%	0.15	0.20%	0.92	0.15%
Prolific Resolution Private Limited	India	100.00%	(0.03)	0.00%	(0.03)	-0.01%	-	0.00%	(0.03)	-0.01%
Foreign										
Steiner AG	Switzerland	100.00%	831.88	93.49%	311.84	56.65%	71.16	94.69%	383.00	61.22%
HCC Mauritius Enterprises Limited	Mauritius	100.00%	(62.81)	-7.06%	(9.66)	-1.76%	(2.94)	-3.92%	(12.61)	-2.02%
HCC Mauritius Investments Limited	Mauritius	100.00%	(28.88)	-3.25%	(0.15)	-0.03%	(1.11)	-1.47%	(1.25)	-0.20%
TOTAL			**889.79**	**100.00%**	**550.50**	**100.00%**	**75.16**	**100.00%**	**625.65**	**100.00%**
a) Adjustments arising out of consolidation			(1,548.93)		12.25		9.91		22.16	
b) Non-controlling interest in subsidiaries			0.00*		(0.00)*		(0.00)*		(0.00)*	
TOTAL			**(659.14)**		**562.74**		**85.07**		**647.81**	

* Represents amount less than ` 1 lakh

** Including step-down subsidiaries and their joint ventures / associates

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Note 49 During the year ended 31 March 2023, the performance of Steiner AG ('SAG'), a wholly owned step-down subsidiary, has suffered due to the ongoing impact of the COVID pandemic on the supply chain and high inflation on construction cost further increased from the Ukraine war. This resulted in raising interest rates due to global tightening of monetary policy by all central banks and temporary reluctance of investors in the Swiss Real Estate market. Also, as at 31 March 2023, SAG is not in compliance with certain financial covenants in respect of the facility agreement with a Bank syndicate to provide guarantees for its construction projects.
The management has initiated liquidity enhancing measures including one-time settlement with customers. The management also expects the overall economic situation in Swiss market to turn back to a stable situation in the course of the year. Based on the proposed liquidity measures, the management is optimistic of successfully seeing through the current situation in next quarters and accordingly considers it appropriate to prepare the consolidated financial statements of SAG on a going concern basis.

Note 50 Segment reporting
(a) The Group is engaged in a single operating segment viz. "Engineering and Construction", which is substantially seasonal in character. The Group's chief operating decision makers monitor and review the operating result of the Group as a whole. Therefore, there are no other reportable segments for the Group as per requirements of Ind AS 108 'Operating Segment'.

(b) The geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customers located outside India.

The following information discloses external revenues and non-current assets based on the physical location of the customers.

Particulars	31 March 2023		31-Mar-22	
	In India	Outside India	In	Outside India
Revenue from operations	5 477.17	4,379.41	4,720 72	5 947 54
Non-current assets (Refer note (i) below)	564.75	293.61	596 13	317 54

Note
(i) Excludes financial instruments and deferred tax assets
(ii) For details of major customers, refer note 44 (a)

Construction Company Ltd.
Hincon House, L.B.S. Road, Vikhroli (W)

Walker Chandiok & Co LLP
Mumbai
Chartered Accountants

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2023

(Amount in ₹ crore, unless otherwise stated)

Note 51 Business Combination

The Board of Directors of the HCC Infrastructure Company Limited ('HICL') on 18 November 2021 approved a scheme of merger ('the Scheme') of HCC Concessions Ltd ('First Transferor Company' or 'HCON'), HCC Power Ltd ('Second Transferor Company' or 'HPL'), HCC Energy Limited ('Third Transferor Company' or 'HEL') and Dhule Palesner Operation & Maintenance Ltd ('Fourth Transferor Company' or 'DPOML') (collectively together hereinafter referred to as 'Transferor Companies') with the Parent Company under Section 230 to 232 of the Companies Act, 2013 and other applicable statutory provisions. The Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) has approved the aforesaid Scheme vide its order dated 09 February 2023 with 01 April 2021 as the 'Appointed Date'. The aforesaid merger has been given accounting effect from the beginning of the preceding period, being 1 April 2021, by restating comparative financial information included in the accompanying financial statements, in accordance with the accounting prescribed in the approved Scheme and Appendix C of Ind AS 103, Business Combinations.

Summary of assets and liabilities assumed as at 01 April 2021 is given below:

Investment eliminated

Particulars	Amount
Value of investments in Transferor Companies	1,090.00
Total	**1,090.00**

Consolidated net amount of assets and liabilities

Particulars	Amount
Assets	
Non- current assets	
Property, plant and equipment	0.03
Financial assets	
Investments in subsidiaries	357.94
Investments	217.06
Loans	591.14
Other financial assets	8.61
Other non-current assets	0.56
Income tax assets (net)	17.74
Total non-current assets (A)	**1,193.08**
Current Assets	
Financial assets	
Trade receivables	0.29
Cash and cash equivalents	31.66
Other financial assets	204.14
Other current assets	2.08
Total current assets (B)	**238.17**
Total assets (C=A+B)	**1,431.25**
Equity and liabilities	
Equity	
Other equity	
Deemed capital contribution	0.73
Retained earnings	(562.04)
Total equity (D)	**(561.31)**
Liabilities	
Non-current liabilities	
Financial liabilities	
Borrowings	84.50
Other financial liabilities	7.74
Provisions	0.41
Total non-current liabilities (E)	**92.65**
Current Liabilities	
Financial liabilities	
Borrowings	312.66
Trade payables	
- total outstanding dues of micro enterprises and small enterprises	0.00
- total outstanding dues of creditors other than micro enterprises and small enterprises	11.48
Other financial liabilities	472.84
Other current liabilities	4.12
Provisions	0.60
Total current liabilities (F)	**801.70**
Total liabilities (G=E+F)	**894.35**
Total equity and liabilities (H=G+D)	**333.04**
Net assets acquired (after excluding share capital and deemed capital contribution) (I=C-H)	**1,098.21**
Excess of carrying value of net assets acquired over equity interest previously held, transferred	**(8.21)**

Note 52 During the previous year, HCC Concessions Limited ('HCL') (now merged with HICL) entered into a binding term sheet with Cube Highways and Infrastructure II Pte Limited ('Cube') for a 100% stake sale of Bahrampore-Farakka Highways Limited ('BFHL'), a step-down subsidiary of Holding Company. Consequently, the results of BFHL's operations have been presented as discontinued operations in accordance with 'Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations'.
On 28 March 2023, HCL has completed the 100% stake sale of BFHL to Cube. Pursuant to the above, HCL has received ₹ 373.99 crore towards consideration for sale of equity shares and a resultant gain of ₹ 142.48 crore on sale of BFHL has been recognised during the current quarter.
Additionally as a part of the agreement with Cube, the Group continues to be entitled to certain earn-outs (contingent on future traffic/ revenue projections), certain revenue share from BFHL over the concessions period which would overall be material in nature.

Particulars	Amount
Non-current liabilities	578.46
Current liabilities	275.63
Total liabilities (a)	**854.09**
Non-current assets	1,023.22
Current assets	62.38
Total assets (b)	**1,085.60**
Sale proceeds (c)	373.99
Gain on deconsolidation [(a) - (b) - (c)]	**(142.48)**

Note 53 Other statutory information

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the
(ii) The Group do not have any transactions with struck off companies.
(iii) The Group do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period,

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

(viii) None of the Group entities have been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) The Group has complied with the number of layers prescribed under the Companies Act, 2013.

Note 54 * represents amount less than ₹ 1 lakh.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the period ended 31 March 2023

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

Place: Mumbai
Date: 18 May 2023

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN 00010827

Jaspreet Bhullar
Managing Director & Chief Executive Officer
DIN 03644691

Arjun Dhawan
Vice Chairman
DIN 01778379

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN 06198165

Nitesh Jha
Company Secretary
FCS No 8436

Place: Mumbai
Date: 18 May 2023

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 March 2022

HCC

HINDUSTAN CONSTRUCTION COMPANY LIMITED

Walker Chandiok & Co LLP
3rd floor, Unit No. 309 to 312,
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Maharashtra, India
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Independent Auditor's Report

To the Members of Hindustan Construction Company Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of **Hindustan Construction Company Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates, joint ventures and joint operations, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at **31 March 2022**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates, joint ventures and joint operations, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates, joint ventures and joint operations, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. As stated in:

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

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

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

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

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

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

4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates, joint ventures and joint operations in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 17 and 18 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

5. We draw attention to:

(a) Note 37 to the accompanying consolidated financial statements, pertaining to matter on which following emphasis of matter has been included in the audit report dated 2 May 2022 on the financial statements of HREL Real Estate Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:

"Note XX to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating ₹ 6,069.65 crore (previous year: ₹ 5,764.70 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively and

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Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any is currently unascertainable."

(b) Note 39 to the accompanying consolidated financial statements pertaining to matter on which following emphasis of matters included in the audit report dated 9 May 2022 on the financial statements of Raiganj-Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report on matters which are relevant to our conclusion on the consolidated financial statements of the Group, and reproduced by us as under:

"Note XX and XX of notes to accounts, the Company had taken term loans from consortium of banks and financial institution. The Company borrowings have been classified as non-performing assets by the lenders due to defaults in payment of related dues. Balances of outstanding borrowings from the lenders including interest thereon, except borrowings from Yes Bank, as recorded in books of accounts of Company are unconfirmed."

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

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates, joint ventures and joint operations, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

7. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
(a) Assessment of going concern basis of accounting (Refer note 2.1(vi) to the consolidated financial statements)	
As at 31 March 2022, the Group has accumulated losses aggregating ₹ 3,690.70 crore which has resulted in full erosion of its net worth. During the year, the Holding Company continued to default on payment to its lenders as explained in aforesaid note and has overdue payments to operational creditors out of which certain operational creditors have also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far.	Our audit procedures included but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting: • Obtained an understanding of the process followed by management for identifying events or conditions that could impact the Group's ability to continue as a going concern and process followed to assess the corresponding mitigating factors existing against such events or condition. Also, obtained an understanding around the methodology adopted by the Holding Company to assess their future business performance including the preparation of a cash flow forecast for the business;

Key audit matter	How our audit addressed the key audit matter
While the above factors indicate doubt on the Group's ability to continue as a going concern, however, as detailed in aforesaid note, the Holding Company has taken into consideration the following mitigating factors in its assessment for going concern basis of accounting in preparation of the accompanying consolidated financial statements: • Expected successful implementation of the resolution plan with the lenders; • Time bound monetization of certain non-core assets; and • Holding Company's business plan for the next twelve months. Management has prepared future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern. We have considered the assessment of management's evaluation of going concern basis of accounting as a key audit matter due to the pervasive impact thereof on the consolidated financial statements and the significant judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and determination of the overall conclusion by the management.	• Evaluated the design and tested the operating effectiveness of key controls relating to management's assessment of going concern as above; • Obtained from the management, the projected cash flows for the next twelve months basis their future approved business plans; • Tested the appropriateness of the key assumptions used by the management that had the most material impact on the cash flow forecasts and discussed these assumptions with the management and with those charged with governance. • Performed independent sensitivity analysis to test the impact of the variations on the cash flows due to change in the key assumptions; • Inspected the relevant underlying documents for assessing the appropriateness of projected cash flow for the next 12 months; • Evaluated the management's assessment of the successful implementation of the resolution plan basis current status of requisite approvals from lenders, reading of the minutes of the meetings held and understanding obtained from the management; and • Assessed the appropriateness and adequacy of the disclosures made by the management in respect of going concern in accordance with the applicable accounting standards.

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Key audit matter	How our audit addressed the key audit matter
(b) Uncertainties relating to recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of disposal group held for sale) and current trade receivables (Refer note 38 of the consolidated financial statements)	
The Holding Company, as at 31 March 2022, has unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and current trade receivables amounting to ₹ 909.12 crore, ₹ 223.43 crore and ₹ 277.03 crore, respectively, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects where the Company is currently under negotiations/ discussions/ arbitration/ litigation with the customers. Further, non-current trade receivables, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 31 March 2022 includes ₹ 187.59 crore and ₹ 487.14 crore and ₹ 2,283.06 crore, respectively, representing claims awarded in arbitration (including interest thereon) in favour of the Holding Company which have subsequently been challenged by the customers in higher courts. Management, based on contractual tenability of the claims/ receivables, progress of the negotiations/ discussions/ arbitration/ litigation and relying on the legal opinion obtained from independent legal counsel, has determined that no provision is required to be recognised for the aforementioned receivables Considering the materiality of the amounts involved, uncertainty associated with the outcome of the negotiations/ discussions/ arbitration/ litigation and significant management judgement involved in its assessment of recoverability, this was considered to be a key audit matter in the audit of the consolidated financial statements. Further, the aforementioned matter relating to recoverability of above discussed receivables as fully explained in Note 38 to the consolidated financial statements is also considered fundamental to the understanding of the users of financial statements.	Our audit procedures included, but were not limited to, the following: • Obtained an understanding of the management process and evaluated the design and tested the effectiveness of key internal financial controls for assessing the recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and trade receivables. • Discussed extensively with management regarding steps taken for recovering the amounts; • Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of these receivables and validated them with corroborating evidence; • Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables. • Obtained an understanding of the current period developments for respective claims/ arbitration awards pending at various stages of negotiations/ discussions/ arbitration/ litigation and corroborated the updates with relevant underlying documents. • Reviewed the legal and contractual experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters; and • Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.

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Key audit matter	How our audit addressed the key audit matter
(c) Recognition of contract revenue, margin and contract costs (Refer note 2.1(xxiv) to the consolidated financial statements)	
The Group's revenue primarily arises from construction contracts which, by its nature, is complex given the significant judgements involved in the assessment of current and future contractual performance obligations. The Group recognizes contract revenue and the resultant profit/ loss on the basis of stage of completion determined based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of contract revenue and the resultant profit/ loss therefore rely on estimates in relation to forecast revenue and forecast contract costs. These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise judgement in its assessment of the revenue on contracts which may also include variable considerations that are recognised when the recovery of such consideration is highly probable. The judgment is also required to be exercised to assess the completeness and accuracy of forecast costs to complete. Changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margins. As a result of the above judgments, complexities involved and material impact on the related financial statement elements, this area has been considered a key audit matter in the audit of the consolidated financial statements.	Our audit procedures to address this key audit matter included, but were not limited to the following: • Evaluated the appropriateness of the Group's accounting policy for revenue recognition in accordance with Ind AS 115 – Revenue from contracts with customers; • Obtained an understanding of the Group's processes and evaluated the design and tested the operating effectiveness of key internal financial controls with respect to estimation of forecasted contract revenue and contracts costs; • For a sample of contracts, performed the following procedures: - inspected the underlying documents such as customer contract/ agreement and variation orders, if any, for the significant contract terms and conditions; - evaluated the identification of performance obligations of the contract; - obtained an understanding of and evaluated the reasonableness of the assumptions applied in determining the forecasted revenue and cost to complete; - tested the existence and valuation of variable consideration with respect to the contractual terms and conditions and inspected the correspondence with customers; and - reviewed the legal and contracting experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters; • For cost incurred to date, tested samples to appropriate supporting documents and performing cut-off procedures; • Tested the forecasted cost by obtaining executed purchase orders/ agreements/ relevant documents and evaluated the reasonableness of management judgements/ estimates; and • Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the consolidated financial statements in accordance with the applicable accounting standards.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

8. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board Report, Report on Corporate Governance and Management Discussion and Analysis Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the modifications pertain to excess managerial remuneration accrued/ paid to whole time directors (including chairman and managing director), non-receipt of confirmations from banks/ financial institutions and realisability of deferred tax assets. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates, joint ventures and joint operations in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate companies, joint venture and joint operations companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates, joint ventures and joint operations are responsible for assessing the ability of the Group and of its associates, joint ventures and joint operations to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates, joint ventures and joint operations.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

13. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates, joint ventures and joint operations to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates, joint ventures and joint operations to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

    - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associates, joint ventures and joint operations, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

17. We did not audit the financial statements / financial information of thirty (30) subsidiaries included in the accompanying consolidated financial statements, whose financial statements/ financial information reflects total assets of ₹ 5,738.08 crore and net liabilities of ₹ 451.41 crore as at 31 March 2022, total revenues of ₹ 6,224.96 crore and net cash inflows amounting to ₹ 81.93 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/ loss (including other comprehensive income) of ₹ 2.57 crore for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of four (4) associates and two (2) joint ventures, whose financial statements/ information have not been audited by us. These financial statements/ information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

18. We did not audit the financial statements / financial information of (7) joint operations included in the accompanying consolidated financial statements, whose financial statements / financial information reflects total assets of ₹ 159.41 crore and net liabilities of ₹ 51.66 crore as at 31 March 2022, total revenues of ₹ 195.07 crore and net cash inflows amounting to ₹ 3.48 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid joint operations, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations, are based solely on the audit reports of such other auditors.

    Further, of these joint operations, financial statements/ information of four (4) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Holding Company's management has converted the financial statements/ information of such joint operations in accordance with Ind AS. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such joint operations, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.
    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

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19. We did not audit the financial information of (1) joint operations included in the accompanying consolidated financial statements, whose financial information reflects total assets of ₹ 0.13 crore and net liabilities of ₹ 2.97 crore as at 31 March 2022, total revenues of ₹ 0.07 crore and net cash outflows amounting to ₹ 0.04 crore for the year ended on that date, as considered in the consolidated financial statements. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid joint operation, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations, are based solely on such unaudited financial information. In our opinion and, according to the information and explanations given to us by the management, this financial information is not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the financial information certified by the Holding Company management.

Report on Other Legal and Regulatory Requirements

20. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 17 and 18, on separate financial statements of the subsidiaries, associates, joint ventures and joint operations, we report that the Holding Company incorporated in India whose financial statements have been audited under the Act has not paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

    Further, we report that twenty-three (23) subsidiary companies and one (1) associate company incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies and associate company.

21. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraphs 17 and 18 above, of companies included in the consolidated financial statements and covered under the Act, refer Annexure II for details of qualifications and/ or adverse remarks given by respective auditors in the Order reports of such companies. The annexure also separately contains details of those companies included in the consolidated financial statements and covered under the Act for which the respective Order reports as required under Section 143(11) of the Act have not yet been issued.

22. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates, joint ventures and joint operations incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

    a) We have sought and except for the possible effects of matters described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matters described in Basis for Qualified Opinion section with respect to the financial statements of the Holding Company;

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c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) Except for the possible effects of the matters described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) the matters described in paragraph 3(iii) of the Basis for Qualified Opinion section may have an adverse effect on the functioning of the Holding Company; paragraph 5(a) of the Emphasis of Matters section may have an adverse effect on the functioning of HREL Real Estate Limited (a subsidiary of the Holding Company) and paragraphs 7(a) and 7(b) of Key Audit Matters section may have an adverse effect on the functioning of the Holding Company;

f) On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies, covered under the Act, none of the directors of the Group companies, its associate companies and joint venture companies covered under the Act, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.

g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragraphs 3(i) to 3(iii) of the Basis for Qualified Opinion section with respect to the Holding Company;

h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure III' wherein we have expressed a modified opinion; and

i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates, joint ventures and joint operations incorporated in India whose financial statements have been audited under the Act:

   i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates, joint ventures and joint operations as at 31 March 2022, as detailed in Note 20.1, 36A(i), (ii), (iii), (iv), 37, 38 and 40 to the consolidated financial statements;

   ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 21.2 to the consolidated financial statements;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, during the year ended 31 March 2022;

   iv. a. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 51(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary

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companies, its associate companies or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in the note 51(vi) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies , its associate companies or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed, by us and that performed by the auditors of subsidiaries, associates and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Holding Company, its subsidiary companies, associate companies and joint venture companies have not declared or paid any dividend during the year ended 31 March 2022

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

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AIVRBZ9176

Place: Pune
Date: 12 May 2022

Annexure I

List of entities included in the Consolidated Financial Statements

Subsidiary Companies	
HCC Contract Solutions Limited *(Formerly know as HCC Construction Limited)*	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited	Dhule Palesner Operations & Maintenance Limited
Panchkutir Developers Limited	HCC Power Limited
HCC Mauritius Enterprises Limited	HCC Realty Limited
Highbar Technologies Limited	HCC Operation and Maintenance Limited
HCC Infrastructure Company Limited	HCC Energy Limited
HCC Mauritius Investments Limited	Steiner Promotions et Participations SA
HRL Township Developers Limited	Steiner (Deutschland) GmbH
HRL (Thane) Real Estate Limited	VM + ST AG
Nashik Township Developers Limited	Steiner Leman SAS
Maan Township Developers Limited	Steiner India Limited
Manufakt8048 AG	Powai Real Estate Developer Limited
HCC Concessions Limited *	Prolific Resolution Private Limited (w.e.f. 8 March 2021)
Narmada Bridge Tollways Limited *	Baharampore-Farakka Highways Limited *
Badarpur Faridabad Tollways Limited *	Raiganj-Dalkhola Highways Limited *

Associates	
Highbar Technocrat Limited	Projektentwicklungsges.Parking Kunstmuseum AG (upto 31 March 2021)
Evostate AG	Evostate Immobillen AG
MCR Managing Corp. Real Estate	

Joint Venture / Joint Operations	
Kumagai-Skanska-HCC-Itochu Group	Farakka-Raiganj Highways Limited (upto 22 September 2020)
HCC-L&T Purulia Joint Venture	Alpine - HCC Joint Venture
Alpine - Samsung - HCC Joint Venture	HCC Samsung Joint Venture CC 34
Nathpa Jhakri Joint Venture	ARGE Prime Tower, Zürich
HCC- HDC Joint Venture	Werkarena Basel AG
HCC – VCCL Joint Venture	

* The aforementioned entities were Joint Venture of the Group and effective 20 August 2021 have become subsidiaries of the Holding Company.

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Annexure II

(Referred to in paragraph 21 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

A) Followings are the qualifications/ adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date and made available to us:

S No	Name of the entity	CIN	Holding Company / subsidiary / Associate / Joint Venture/ Joint operation	Clause number of the CARO report which is qualified or adverse
1	Western Securities Limited	U67120MH1985PLC037511	Subsidiary	Clause (iii)(b), (iii)(c) and (iv)
2	Highbar Technologies Limited	U72900MH2009PLC197299	Subsidiary	Clause (ix) and (xix)
3	Dhule Palesner Operations & Maintenance Limited	U93000MH2011PLC217639	Subsidiary	Clause (iii)(c)
4	HREL Real Estate Limited	U70100MH2005PLC154004	Subsidiary	Clause (iii)(b) and (iii)(c)
5	Panchkutir Developers Limited	U45201MH2006PLC165073	Subsidiary	Clause (iii)(b) and (iii)(c)
6	HCC Infrastructure Company Limited	U45400MH2010PLC210944	Subsidiary	Clause (iii)(c), and (xix)
7	HRL Township Developers Limited	U45201MH2006PLC163478	Subsidiary	Clause (iii)(b) and (iii)(c)
8	HRL (Thane) Real Estate Limited	U45201MH2006PLC163515	Subsidiary	Clause (i)(c)
9	Maan Township Developers Limited	U45200MH2007PLC167462	Subsidiary	Clause (i)(c), (iii)(b) and (iii)(c)
10	HCC Aviation Limited	U63033MH2008PLC182384	Subsidiary	Clause (iii)(b) and (iii)(c)
11	HCC Power Limited	U40300MH2011PLC218286	Subsidiary	Clause (iii)(b), (iii)(c), (xvi)(a) and (xix)
12	HCC Concessions Limited	U45202MH2008PLC178890	Subsidiary	(iii)(c), (xvi) and (xix)
13	Baharampore-Farakka Highways Limited	U45200MH2010PLC200748	Subsidiary	Clause (xx)(b)
14	Raiganj-Dalkhola Highways Limited	U45400MH2010PLC200734	Subsidiary	Clause (ix) and (xix)
15	HCC Energy Limited	U40300MH2015PLC267394	Subsidiary	Clause (iii)(b), (iii)(c), (xvi)(a) and (xix)

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Annexure II (Contd)

B) Following is the company included in the consolidated financial statements for the year ended 31 March 2022 audited by other auditor, for which the reports under section 143(11) of such companies have not yet been issued by the other auditor, as per information and explanation given to us by the management in this respect:

S No	Name of the entity	CIN	Subsidiary/ Associate/ Joint Venture
1	Steiner India Limited	U45203MH2011FLC221029	Subsidiary

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Annexure III to the Independent Auditor's Report of even date to the members of Hindustan Construction Company Limited on the consolidated financial statements for the year ended 31 March 2022

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Hindustan Construction Company Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates, joint ventures and joint operations as at and for the year ended **31 March 2022**, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies its associate companies and its joint venture companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and its joint venture companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and its joint venture companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary co i its associate companies and joint venture companies, as aforesaid.

WALKER CHANDIOK & Co LLP
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Annexure III (Contd)

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2022:

   a) The Holding Company did not have an appropriate internal control system with respect to compliance with the provisions of section 197 of the Companies Act, 2013 relating to obtaining prior approval from lenders for payment/ accrual of remuneration exceeding the specified limits, as explained in Note 30.1 to the consolidated financial statements, which has resulted in a material misstatement in the value of Holding Company's employee benefit expenses, financial assets and its resultant impact on the loss after tax and the reserves and surplus including levy of fine, if any, on account of such non-compliance.

   b) The Holding Company's internal financial system with respect to assessment of recoverability of deferred tax assets, as explained in Note 10.1 to the consolidated financial statements, as per Ind AS 12 'Income Taxes' were not operating effectively, which could lead to a material misstatement in the carrying value of deferred tax assets and its resultant impact on loss after tax, reserves and surplus and related disclosures in respect thereof as at and for the year ended 31 March 2022.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

10. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, associate companies, and its joint venture companies; except for the possible effects of the material weakness described in paragraph 8(a) above on the achievement of the objectives of the control criteria, the Holding Company, subsidiary companies, associate companies and joint venture companies which are companies covered under the Act has, in all material respects, adequate internal financial controls with reference to consolidated financial statements as at 31 March 2022, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and except for the possible effects of the material weakness described in paragraph 8(b) above on the achievement of the objectives of the control criteria, the Group's internal financial controls with reference to financial statements were operating effec 2022.

WALKER CHANDIOK & CO LLP ★ PUNE ★ CHARTERED ACCOUNTANTS

Annexure III (Contd)

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group and its associate company and its joint venture companies, which are companies covered under the Act, as at and for the year ended 31 March 2022, and these material weaknesses have affected our opinion on the consolidated financial statements of the Group, its associate companies and its joint venture companies and we have issued a qualified opinion on the consolidated financial statements.

Other Matter

12. We did not audit the internal financial controls with reference to financial statements in so far as it relates to eighteen (18) subsidiary companies, which are companies covered under the Act, whose financial statements / financial information reflect total assets of ₹ 1,833.30 crore and net liabilities of ₹ 288.75 crore as at 31 March 2022, total revenues of ₹ 277.42 crore and net cash flow amounting to ₹ 44.40 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 2.64 crore for the year ended 31 March 2022, in respect of one (1) associate company, which is a company covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies and associate companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and associate companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

Sha i Tadwalkar
Partner
Membership No:101797

UDIN:22101797AIVRBZ9176

Place: Pune
Date: 12 May 2022

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2022

	Note No.	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
ASSETS			
Non-current assets			
Property, plant and equipment	3A	**436.23**	549.56
Right-of-use assets	3B	**217.61**	245.77
Capital work-in-progress	3C	**0.68**	1.61
Investment property	4	**2.79**	2.67
Goodwill	5	**3.38**	3.38
Other intangible assets	5	**62.54**	64.14
Intangible assets under development	5	**-**	-
Investments in associates and joint ventures	6	**20.47**	402.91
Financial assets			
Investments	6A	**37.90**	15.11
Trade receivables	7	**235.75**	-
Loans	8	**57.32**	67.44
Other financial assets	9	**42.65**	36.76
Deferred tax assets (net)	10	**743.15**	751.36
Income tax assets (net)	10	**93.53**	143.77
Other non-current assets	11	**67.90**	74.50
Total non-current assets		**2,021.90**	2,358.98
Current assets			
Inventories	12	**484.84**	479.60
Financial assets			
Investments	13	**0.66**	0.15
Trade receivables	7	**2,090.96**	4,501.79
Cash and cash equivalents	14	**720.97**	642.13
Bank balances other than cash and cash equivalents	15	**821.42**	619.49
Other financial assets	9	**284.24**	92.04
Unbilled work-in-progress (contract assets)	16	**3,729.03**	3,826.12
Other current assets	11	**322.98**	254.04
		8,455.10	10,415.36
Assets of disposal groups held for sale	17	**3,719.00**	6.49
Total current assets		**12,174.10**	10,421.85
TOTAL ASSETS		**14,196.00**	12,780.83
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	**151.31**	151.31
Other equity	18A	**(935.95)**	(1,468.90)
Equity attributable to owners of the parent		**(784.64)**	(1,317.59)
Non-controlling interest		**0.00** *	0.00 *
Total equity		**(784.64)**	(1,317.59)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	**1,178.47**	1,408.28
Lease liabilities		**225.12**	215.98
Other financial liabilities	20	**1,554.89**	1,508.17
Provisions	21	**124.05**	189.31
Deferred tax liabilities (net)	10	**31.45**	-
Total non-current liabilities		**3,113.98**	3,321.74

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

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

Hindustan Construction Company Limited
Consolidated Balance Sheet as at 31 March 2022

	Note No.	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Current liabilities			
Financial liabilities			
Borrowings	19	**612.81**	3,124.93
Lease liabilities		**1.70**	27.70
Trade payables	22		
- Total outstanding dues of micro enterprises and small enterprises		**80.00**	48.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**2,986.50**	2,999.40
Other financial liabilities	20	**1,407.32**	1,294.10
Other current liabilities	23	**2,444.92**	3,028.89
Current tax liability	10	**99.20**	0.74
Provisions	21	**467.10**	252.91
		8,099.55	10,776.68
Liabilities of disposal groups held for sale	24	**3,767.11**	-
Total current liabilities		**11,866.66**	10,776.68
TOTAL EQUITY AND LIABILITIES		**14,196.00**	12,780.83

* Represents amount less than ₹ 1 lakh

The accompanying notes form an integral part of the consolidated financial statements

This is the Consolidated Balance Sheet referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

Hindustan Construction Company Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2022

	Note No.	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Continuing Operations			
Income			
Revenue from operations	25	10,669.73	8,248.42
Other income	26	152.13	86.57
Total income		10,821.86	8,334.99
Expenses			
Cost of materials consumed	27	865.06	525.57
Subcontracting expenses		7,112.79	5,834.87
Changes in inventories	28	(17.14)	(16.51)
Construction expenses	29	306.04	260.76
Employee benefits expense	30	931.54	954.85
Finance costs	31	1,030.47	1,001.06
Depreciation and amortisation expense	32	138.34	135.51
Other expenses	33	278.82	297.64
Total expenses		10,645.92	8,993.75
Profit / (loss) before exceptional items, share of profit of associates and joint ventures and tax from continuing operations		175.94	(658.76)
Exceptional items - Gain / (Loss)	34	106.10	(274.03)
Profit / (loss) before share of profit of associates and joint ventures and tax from continuing operations		282.04	(932.79)
Share of profit of associates and joint ventures (net)		224.04	65.44
Profit / (loss) before tax from continuing operations		506.08	(867.35)
Tax expense / (credit)	10		
Current tax		46.63	8.96
Deferred tax		39.80	(266.29)
		86.43	(257.33)
Profit / (loss) for the year from continuing operations (A)		419.65	(610.02)
Discontinued Operations			
Loss from discontinued operations		(7.02)	-
Tax expense of discontinued operations		(13.07)	-
Loss for the year from discontinued operations (after tax) (B)		(20.09)	-
Net profit/ (loss) for the year from total operation (A) +(B)		399.56	(610.02)
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss (net of tax)			
- Gain on fair value of defined benefit plans as per actuarial valuation		82.49	24.96
- Gain on fair value of equity instruments		7.09	5.70
(b) Items that will be reclassified to profit or loss			
- Translation gain/ (loss) relating to foreign operations		(4.51)	28.27
Other comprehensive income for the year, net of tax (C)		85.07	58.93
Total comprehensive income / (loss) for the year, net of tax (A+B+C)		484.63	(551.09)
Net profit / (loss) for the year attributable to:			
Owners of the parent		419.65	(610.02)
Non-controlling interest		(0.00)*	0.00*
Other comprehensive income for the year attributable to:			
Owners of the parent		85.07	58.93
Non-controlling interest		(0.00)*	0.00*
Total comprehensive income / (loss) for the year attributable to:			
Owners of the parent		484.63	(551.09)
Non-controlling interest		(0.00)*	0.00*
Total comprehensive income / (loss) for the year attributable to the owener from :			
Continuing operations		504.72	(551.09)
Discontinued operations		(20.09)	-
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations			
Basic and diluted (in ₹)	35	2.77	(4.03)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
Basic and diluted (in ₹)	35	(0.13)	-
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations			
Basic and diluted (in ₹)	35	2.64	(4.03)

* Represents amount less than ₹ 1 lakh

The accompanying notes form an integral part of the consolidated financial statements

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ PUNE

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

Hindustan Construction Company Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2022

This is the Consolidated Statement of Profit and Loss referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

Hindustan Construction Company Limited
Consolidated Cash Flow Statement for the year ended 31 March 2022

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax	506.08	(867.35)
Adjustments for:		
Depreciation and amortisation expense	138.34	135.51
Finance costs	1,030.47	1,001.06
Interest income	(33.02)	(27.10)
Gain on settlement of debt	(134.35)	-
Loss on settlement with customer	-	274.03
Share of profit of associates and joint ventures	(224.04)	(65.44)
Dividend income	(1.14)	(1.05)
Unrealised foreign exchange loss/ (gain) (net)	(3.92)	5.95
Profit on disposal of property, plant and equipment (net)	(2.36)	(12.93)
Provision no longer required written back	(24.05)	(23.32)
	745.93	1,286.71
Operating profit before working capital changes	1,252.01	419.36
Adjustments for changes in working capital:		
Increase in inventories	(5.24)	(12.43)
Increase in trade receivables	(37.64)	(134.46)
(Increase) / decrease in current / non-current financial and other assets, and unbilled work-in-progress (contract assets)	97.42	(161.71)
(Increase) / decrease in trade payables, other financial liabilities, other liabilities and provisions	(574.60)	123.21
Cash generated from operations	731.95	233.97
Direct taxes refund/ (paid) {net}	20.73	113.93
Net cash generated from operating activities	752.68	347.90
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances / payables)	(89.25)	(74.81)
Proceeds from sale of property, plant and equipment and assets held for sale (including advances received)	34.30	14.14
Proceeds from sale of investments	-	9.00
Investments in bank deposits	(201.04)	(53.06)
Interest received	30.60	29.11
Dividend received	1.14	1.05
Net cash used in investing activities	(224.25)	(74.57)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of non-current borrowings	(55.84)	(89.72)
Proceeds from / (repayments of) short-term borrowings (net)	(158.99)	648.65
Repayment of lease obligations	(19.01)	(34.72)
Interest and other finance charges	(426.01)	(423.39)
Net cash generated from/ (used in) financing activities	(659.85)	100.82
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(131.42)	374.15
Cash and cash equivalents at the beginning of the year	642.13	276.11
Impact of business combination (net of discontinued operations)	193.07	-
Unrealised foreign exchange gain/ (loss)	17.19	(8.13)
Cash and cash equivalents at the end of the year (Refer note 14)	720.97	642.13

Note:
The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows.

The accompanying notes form an integral part of the consolidated financial statements

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS *

CONSTRUCTION CO. LTD. * MUMBAI-83 *

Hindustan Construction Company Limited
Consolidated Cash Flow Statement for the year ended 31 March 2022

This is the Consolidated Cash Flow Statement referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN No.: 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

Hindustan Construction Company Limited
Consolidated Statement of Change in Equity for the year ended 31 March 2022

a) Equity share capital (equity shares of ₹ 1 each)

Particulars	Issued, subscribed and paid	
	Number	₹ crore
As at 1 April 2020	**1,51,29,76,244**	**151.31**
Issue of equity shares	-	-
As at 31 March 2021	**1,51,29,76,244**	**151.31**
Issue of equity shares	-	-
As at 31 March 2022	**1,51,29,76,244**	**151.31**

b) Other equity

₹ crore

Particulars	Reserves and surplus							Other comprehensive income		Non-controlling interest	Total equity attributable to equity holders
	Capital reserve	Forfeited debentures account	Securities premium	Debenture redemption reserve	Foreign currency monetary translation reserve	General reserve	Retained earnings	Equity instruments at fair value through other comprehensive income	Translation loss relating to foreign operation (net)		
As at 1 April 2020	31.49	0.02	2,650.87	54.99	7.08	180.24	(3,634.30)	(25.05)	(175.83)	0.00 *	(910.49)
Loss for the year	-	-	-	-	-	-	(610.02)	-	-	0.00 *	(610.02)
Other comprehensive income for the year	-	-	-	-	-	-	24.96	5.70	28.27	0.00 *	58.93
Restatement of foreign currency monetary translation items	-	-	-	-	(4.60)	-	-	-	-	-	(4.60)
Amortisation of foreign currency monetary translation Items	-	-	-	-	(2.72)	-	-	-	-	-	(2.72)
As at 31 March 2021	31.49	0.02	2,650.87	54.99	(0.24)	180.24	(4,219.35)	(19.35)	(147.56)	0.00 *	(1,468.90)
Profit for the year	-	-	-	-	-	-	399.56	-	-	-	399.56
Other comprehensive income for the year	-	-	-	-	-	-	82.49	7.09	(4.51)	-	85.07
Gain on fair valuation of previously held equity interest in a business combination (Refer note 50)	-	-	-	-	-	-	-	46.61	-	-	46.61
Restatement of foreign currency monetary translation items	-	-	-	-	3.84	-	-	-	-	-	3.84
Amortisation of foreign currency monetary translation items	-	-	-	-	(2.13)	-	-	-	-	-	(2.13)
As at 31 March 2022	31.49	0.02	2,650.87	54.99	1.47	180.24	(3,737.30)	34.35	(152.07)	0.00	(935.95)

Nature and purpose of reserves

i. Capital reserve
The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own equity instruments to capital reserve.

ii. Forfeited debentures account
The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own debentures to forfeited debentures account.

iii. Securities premium
Securities premium is used to record the premium received on issue of shares or debentures. This account is utilised in accordance with the provisions of the Companies Act, 2013 (the 'Act').

iv. Debenture redemption reserve
The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.

v. Foreign currency monetary translation reserve
Exchange difference arising on translation of the long term monetary items is accumulated in separate reserve within equity. The cumulative amount is reclassified to the Statement of Profit and Loss over the life of the monetary asset / liability on a straight line basis.

vi. General reserve
Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

vii. Retained earnings
Retained earnings represents the profits/ losses that the Group has earned / incurred till date including gain / (loss) on fair value of defined benefits plans as adjusted for distributions to owners, transfer to other reserves etc.

viii. Other comprehensive income
The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amount from this reserve to retained earnings when the relevant equity securities are disposed off.

ix. Translation loss relating to foreign operation (net)
The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in 'Translation loss relating to foreign operation (net)' in other equity.

* Represents amount less than ₹ 1 lakh
The accompanying notes form an integral part of the consolidated financial statements

WALKER CHANDIOK & CO LLP
PUNE
CHARTERED ACCOUNTANTS

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

This is the Consolidated Statement of Changes in Equity referred to in our audit report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & Co LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

Note 1 Corporate information

Hindustan Construction Company Limited (the "Holding Company", "Parent" or "HCC") is a public limited company incorporated and domiciled in India. The Company having CIN L45200MH1926PLC001228, is principally engaged in the business of providing engineering and construction services. Its shares are listed on two recognised stock exchanges in India - the Bombay Stock Exchange and the National Stock Exchange. The registered office of the Company is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and joint arrangements. The Group is principally engaged in the business of providing engineering and construction services, real estate, and infrastructure. These consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2022 were authorised for issue in accordance with resolution of the Board of Directors on 12 May 2022

Note 2.1 Significant accounting policies

i Basis of preparation

The financial statements of the Group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities and share based payments which have been measured at fair value, on an accrual basis of accounting

The Group's financial statements are reported in Indian Rupees, which is also the Group's functional currency, and all values are rounded to the nearest crores (INR 0,000,000), except when otherwise indicated. Amount presented as "0.00" " are non zero numbers rounded off in crore

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to Act. The statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with other notes required to be disclosed under the notified Ind AS and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

ii. Operating cycle for current and non-current classification

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Group as per the guidance set out in Schedule III to the Act. Operating cycle for the business activities of the Group covers the duration of the project/ contract/ service including the defect liability period, wherever applicable, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project

iii. Principles of consolidation

The financial statements have been prepared on the following basis:

a. Subsidiaries

- The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.

- The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.
Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests and have been shown separately in the financial statements.

- Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.
- The gains/losses in respect of part divestment/ dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Company.

- The gains/ losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset

b. Investments in joint venture and associates

When the Group has with other parties joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises such interests as associates. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint venture and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever applicable. An investment in associate or joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture or associate. Gain or loss in respect of changes in other equity of joint ventures or associates resulting in dilution of stake in the joint ventures and associates is recognised in the Statement of Profit and Loss. On acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. The excess of fair value of assets and liabilities over the investment is recognised directly in equity as capital reserve. The unrealised profits/ losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

c. Interests in joint operations

In accordance with Ind AS 111 - Joint Arrangements, when the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Parent Company and its subsidiaries are combined for consolidation.

d. Business combination / Goodwill on consolidation

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.
The excess of the,
- Consideration transferred;
- Amount of any non-controlling interest in the acquired business, and
- Acquisition-date fair value of any previous equity interest in the acquired business

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve."
Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

e. Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements.

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iv. Accounting estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates which are recognised in the period in which they are determined

v. Key accounting estimates and assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

a. Estimation uncertainty related to the global health pandemic on COVID-19

The Group's operations have significantly recovered from the impact of COVID-19 pandemic and there are no significant continuing impact on the operations and financial statements of the Group as at 31 March 2022. The Management continuous to closely monitor the current developments and possible effects of COVID-19 pandemic on it's financial condition, liquidity and operations.

b. Contract estimates

The Group, being a part of construction industry, prepares budgets in respect of each project to compute project profitability. The two major components of contract estimate are 'claims arising during construction period' (described below) and 'budgeted costs to complete the contract'. While estimating these components, there is are significant assumptions considered by the management. Due to such complexities involved in the budgeting process, contract estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date

c. Recoverability of claims

The Group has incurred costs in respect of over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc which have been recognised as variable consideration. These claims are at various stages of negotiation/discussion with the clients or under arbitration. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims.

d. Deferred tax assets

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management consideres the applicable tax rates, scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

e. Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

f. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease required significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group revises the lease term if there is a change in non-cancellable period of a lease.

g. Useful lives of property, plant and equipment, investment property, right of use assets and intangible assets

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by the management at the time of acquisition of asset and reviewed periodically, including at each financial year. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

h. Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

vi. Going concern

As at 31 March 2022, the Group has accumulated losses aggregating ₹ 3,690.70 crore which has resulted in full erosion of its net worth. The Holding Company continues to default on payment to lenders along with overdue to operational creditors. Certain operational creditors have also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. The above factors indicate that events or conditions exist, which may cast significant doubt on the entity's ability to continue as a going concern.

The Holding Company is in the process of finalising a resolution plan with it's lenders to restructure it's debt. As per the resolution plan with lenders of the Holding Company, including resolution of debts of an erstwhile subsidiary, whose liabilities were taken over by the Holding Company in earlier years, economic and beneficial interest of a portion of the arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company (Also refer note 17.2). As at date, the resolution plan has been approved by the respective Board/ Committees of 100% lenders making the resolution plan binding on all lenders. The resolution plan is expected to be implemented by July 2022.

Based on the expected successful implementation of the resolution plan with lenders as well as the Holding Company's business plans, the management is confident of time-bound monetisation of assets including arbitration awards, claims and other assets and is confident of meeting the obligations as they fall due. Accordingly, the Management considers it appropriate to prepare these consolidated financial statements on a going concern basis.

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vii. **Fair value measurement**

The Group measures financial instruments, at fair value at each balance sheet date

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either.
- In the principal market for the asset or liability, or
- In the absence of a principal market, In the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

viii. **Property, plant and equipment (Tangible assets)**

Property, plant and equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to Property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met

ix. **Capital work-in-progress**

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure

x. **Investment property**

Investment properties are held to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined on an annual evaluation based on the reckoner value with the main inputs being comparable transactions and industry data.

Depreciation on investment properties (building) is provided on the straight-line method, computed on the basis of useful lives as prescribed in Schedule II to the Act i.e. 60 years. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year and the effect of any change in the estimates of useful lives/residual value is accounted on prospective basis.

xi. **Intangible assets**

Intangible assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets mainly comprise of toll roads and computer software. Computer software represents license fees and implementation cost for software and other application software acquired / developed for in-house use.

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as Consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

xii. **Non-current assets or disposal group held for sale**

Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109 - Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

xiii. **Depreciation and amortisation**

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives. The useful lives are as per Schedule II to the Act except in case of certain assets, where the useful life is based on technical evaluation by management.

Asset category	Useful life (In years)
Building and sheds	3 to 60
Leasehold improvements	As per the period of lease or estimated useful life determined by management's expert, whichever is lower.
Plant and equipment	2 to 14
Furniture fixtures and office equipment	5 to 10
Heavy Vehicles	3 to 12
Light Vehicles	8 to 10
Helicopter / Aircraft	12 to18
Speed boat	13
Computers	3
Intangible assets	3 to 5

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation on additions is provided on a pro-rata basis, from the date on which it is put to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income or Other expenses.

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xiv. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages it's financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

a Financial assets

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the Effective Interest Rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

- Financial assets measured at fair value through Other Comprehensive Income

Financial assets are measured at Fair Value through Other Comprehensive Income ('FVOCI') if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Group has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Group on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments

- Financial assets measured at fair value through profit or loss (FVTPL)

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss

iii) Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. after all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

iv) De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

b Equity instruments and financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

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ii) Financial liabilities

- Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below

- Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

- Financial liabilities at amortised cost
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss

Where the Group issues optionally convertible debentures, the fair value of the liability portion of such debentures is determined using a market interest rate for an equivalent non-convertible debenture This value is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the debentures The remainder of the proceeds is attributable to the equity portion of the instrument. This is recognised and included in shareholders' equity (net of income tax) and are not subsequently re-measured.

Where the terms of a financial liability is re-negotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

- Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

- De-recognition of financial liabilities
Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

c Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

xv. Employee benefits

a. Defined contribution plan
Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund and superannuation scheme are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund contribution, in respect of certain employees of the Company and its Indian subsidiaries is made to a government administered fund, and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further obligations beyond the monthly contributions

b. Defined benefit plan
In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. Accordingly, the contribution paid or payable and the interest shortfall, if any, is recognised as an expense in the period in which services are rendered by the employee.

The Group also provides for gratuity which is a defined benefit plan the liabilities of which are determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Group's obligation into current and non-current is as per the actuarial valuation report.

In case of foreign subsidiaries, the post-employment benefit plan, in the form of a pension, qualify as defined benefit plans. For the purposes of determining the defined benefit obligation at the reporting date, the total defined benefit obligations, made by an independent actuary using the projected unit credit method, are compared to the fair value of the plan assets and resultant surplus or shortfall is recognised as an asset or liability, respectively. Re-measurement, comprising of actuarial gains and losses, in respect of this pension plan are recognised in the OCI, in the period in which they occur.

c. Leave entitlement and compensated absences
Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

d. Short-term benefits
Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

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xvi. Contract assets

Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in-progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

xvii. Contract liabilities

Certification in excess of contract revenue are classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

xviii. Inventories

a. Construction materials, stores, spares and fuel

The stock of construction materials, stores, spares and fuel is valued at cost or net realisable value ('NRV'), whichever is lower. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

b. Land and development rights

Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of construction costs and net selling price.

c. Project work in progress

Land and construction / development expenses are accumulated under 'Project work-in-progress' and the same are valued at lower of cost or net realizable value.
Cost of land purchased / acquired by the Group includes purchase / acquisition price plus stamp duty and registration charges.
Construction / development expenditure includes cost of development rights, all direct and indirect expenditure incurred on development of land/ construction attributable interest and financial charges and overheads relating to site management and administration less incidental revenues arising from site operations.

xix. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

xx. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is the Chief Executive Officer of the Group, who assesses the financial performance and position of the Group and makes strategic decisions. The CODM reviews revenue and gross profit as the performance indicators and does not review the total assets and liabilities for each reportable segment. The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements. The Group's operations predominantly relate to 'Engineering and Construction', 'Infrastructure' and 'Real Estate'. Other business segments contribute less than 10% of the total revenue and have been grouped as 'Others'. Segments have been identified taking into account the nature of activities of the parent company, its subsidiaries and joint ventures, the differing risks and returns, the organization structure and internal reporting system.

xxi. Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.
Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

xxii. Foreign exchange translation of foreign projects and accounting of foreign exchange transaction

a. Initial recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Group uses a monthly average rate if the average rate approximate is the actual rate at the date of the transactions.

b. Conversion

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c. Treatment of exchange difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Translation Account" and amortised over the remaining life of the concerned monetary item.

xxiii. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.
Government grants relating to income are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented with other income.

xxiv. Revenue recognition

a. Revenue from construction contracts

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration, the Company expects to receive in exchange for those products or services.

The Company evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met:
•As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity's performance.
•The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.
•The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Transaction price, including variable consideration, is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variations in contract work, claims and incentive payments are included as 'variable consideration' in contract revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and are capable of being reliably measured.
At each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.
For performance obligations in which control is not transferred over time, control is transferred as at a point in time.

Advance payments received from contractee for which no services are rendered are presented as 'Advance from contractee'.
Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.
The Group presents revenues net of indirect taxes in its Statement of Profit and Loss.
Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred.

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b. Software development and servicing revenue

Revenue from software development on fixed price, fixed time frame contracts, including system development and integration contracts, where there is no uncertainty as to measurement or collectability is recognized as per percentage of completion method. Revenue from last billing date to the Balance Sheet date is recognized as unbilled revenue. Stage of completion is measured by reference to the proportion that service cost incurred for work performed to date bears to the estimated total service cost. Service cost incurred to date excludes costs that relate to future activity on the contract. Such costs are recognized as an asset and are classified as unbilled revenue as due from customers.

Servicing revenue is recognized over the term of servicing contract. For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

Time and material contracts is recognized as and when the related services are provided

Annual maintenance service contracts are recognized proportionately over the period in which services are rendered.

Revenue from sale of user licenses for software applications is recognized on transfer of the title/product, in accordance with the sales contract. Revenue from product sales are shown as net of all applicable taxes and discounts.

c. Interest on arbitration awards

Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Company has received or expects to receive on favourable arbitration awards

xxv. Other income

a. Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR

b. Dividend income

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend

c. Other income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

d. Rental income

Rent is recognised on time proportionate basis.

e. Finance and other income

Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis Where the receipt of income is uncertain, it is accounted for on receipt basis

xxvi. Income tax

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively

a. Current tax

Current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future

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xxvii. Leases

The Group's lease asset classes primarily consist of leases for vehicles, building and shed. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

At the date of the commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets have been separately presented in the Balance Sheet and the Lease liability is presented under Other financial liabilities. Further, lease payments have been classified as financing cash flows.

xxviii. Impairment of non-financial assets

As at each Balance Sheet date, the Group assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Group determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xxix. Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the parent by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the parent and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xxx. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

xxxi. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

xxxii. Provision for warranty

In case of real estate projects of a subsidiary, the estimated liability for warranty is recorded on the building and its components during the construction period. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions during the construction period under warranty phase.

xxxiii. Treasury shares

Treasury shares represents own equity instruments reacquired by the Holding Company or other members of the Consolidated Group, which are deducted from the equity of the acquiring entity. Treasury shares held is disclosed separately in the financial statements.

xxxiv. Share issue expenses

Share issue expenses are charged off against available balance in the Securities premium.

xxxv. Share based payments

Certain employees of the Group are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest using fair value in accordance with Ind-AS 102, Share based payment.

xxxvi. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

Note 2.2 Recent accounting pronouncements

Amendment to Ind AS 16, Property, Plant and Equipment

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

MCA vide notification dated 23 March 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Amendment to Ind AS 103, Business Combinations

MCA vide notification dated 23 March 2022, has issued an amendment to Ind AS 103 and has added a new exception in the standard for liabilities and contingent liabilities.

Amendment to Ind AS 109, Financial Instruments

MCA vide notification dated 23 March 2022, has issued an amendment to Ind AS 109 which clarifies that which fees an entity should include when it applies the '10%' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

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Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

Note 3A Property, plant and equipment

₹ crore

Particulars	Freehold land	Building and sheds	Leasehold improvements	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Speed boat	Computers	Total
Gross carrying value (at deemed cost)									
As at 1 April 2020	**31.80**	**108.19**	**2.85**	**800.19**	**91.75**	**52.41**	**1.04**	**6.31**	**1,094.54**
Adjustments [Refer sub note (iii)]	-	-	-	(2.88)	-	-	-	-	(2.88)
Additions	-	-	-	232.71	0.52	8.44	-	0.43	242.10
Disposals	-	-	-	(57.38)	(1.95)	(1.89)	-	-	(61.22)
As at 31 March 2021	**31.80**	**108.19**	**2.85**	**972.64**	**90.32**	**58.96**	**1.04**	**6.74**	**1,272.54**
Additions	0.00	-	-	8.06	0.22	3.39	-	0.48	12.15
Acquisition through business combination (Refer note 50)	0.61		0.93	0.22	1.11	0.85		0.69	4.42
Disposals	-	-	-	(167.93)	(0.01)	(5.04)	-	-	(172.99)
Transferred from assets classified as held for sale (Refer note 17.1)	6.48	-	-	-	-	-	-	-	6.48
Transferred to Assets of disposal groups held for sale (Refer note 17.3)	(0.61)	-	-	(0.50)	(0.40)	(0.61)	-	(0.17)	(2.30)
As at 31 March 2022	**38.28**	**108.19**	**3.78**	**812.49**	**91.24**	**57.54**	**1.04**	**7.74**	**1,120.30**
Accumulated depreciation									
As at 1 April 2020	-	**85.71**	**1.11**	**508.15**	**43.52**	**26.08**	**0.54**	**2.96**	**668.07**
Depreciation charge	-	1.34	0.30	80.14	12.95	3.04	0.11	1.22	99.10
Accumulated depreciation on disposals	-	-	-	(42.91)	-	(1.29)	-	-	(44.20)
As at 31 March 2021	**-**	**87.05**	**1.41**	**545.38**	**56.47**	**27.83**	**0.65**	**4.18**	**722.97**
Depreciation charge [Refer note (v) below]	-	1.04	0.30	85.91	8.61	2.87	0.11	1.16	100.00
Acquisition through business combination (Refer note 50)	-	-	0.93	0.08	1.16	0.39		0.63	3.19
Accumulated depreciation on disposals	-	-	-	(137.51)	-	(3.53)	-	-	(141.04)
Transferred to Assets of disposals group held for sale (Refer note 17.3)	-	-	-	(0.09)	(0.37)	(0.43)	-	(0.17)	(1.06)
As at 31 March 2022	**-**	**88.09**	**2.64**	**493.77**	**65.87**	**27.13**	**0.76**	**5.80**	**684.06**
Net carrying value									
As at 31 March 2021	31.80	21.14	1.44	427.26	33.85	31.13	0.39	2.56	549.56
As at 31 March 2022	**38.28**	**20.10**	**1.14**	**318.72**	**25.37**	**30.41**	**0.28**	**1.94**	**436.23**

Notes:
(i) Refer note 19 for information of property, plant and equipment pledged as security against borrowings of the Group.
(ii) Refer note 36(B)(i) for disclosure of contractual commitments for acquisition of Property, plant and equipment.
(iii) Adjustments represents exchange loss arising on long-term foreign currency monetary items.
(iv) * represents amount less than ₹ 1 lakh.
(v) Includes depreciation expense of ₹ 0.07 crore in respect of discontinued operations.

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Note 3B Right-of-use assets

₹ crore

Particulars	Buildings	Vehicles	Total
Gross carrying value			
As at 1 April 2020	303.78	0.94	304.72
Additions	1.99	-	1.99
Disposals	-	-	-
As at 31 March 2021	**305.77**	**0.94**	**306.71**
Additions	2.16	-	2.16
Disposals	-	-	-
As at 31 March 2022	**307.93**	**0.94**	**308.87**
Accumulated depreciation			
As at 1 April 2020	28.97	0.57	29.54
Depreciation Charge	31.10	0.30	31.40
Accumulated depreciation on disposals	-	-	-
As at 31 March 2021	**60.07**	**0.87**	**60.94**
Depreciation Charge	30.25	0.07	30.32
Accumulated depreciation on disposals	-	-	-
As at 31 March 2022	**90.32**	**0.94**	**91.26**
Net carrying value			
As at 31 March 2021	245.70	0.07	245.77
As at 31 March 2022	**217.61**	-	**217.61**

Note: Refer note 42 for Ind AS 116 - Leases and the related disclosures

Note 3C Capital work-in-progess ('CWIP')

(₹ crore)

Particulars	As at	As at
Opening balance	**1.61**	178.41
Additions during the year	**2.52**	0.94
Capitalised during the year	**(3.45)**	(177.74)
Closing balance	**0.68**	1.61

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Note: CWIP ageing schedule

(₹ crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Projects in progress	Projects temporarily suspended	Total	Projects in progress	Projects temporarily suspended	Total
Less than 1 year	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
2-3 years	-	-	-	0.93	-	0.93
More than 3 years (Refer notes below)	-	0.68	0.68	-	0.68	0.68
Total	**-**	**0.68**	**0.68**	**0.93**	**0.68**	**1.61**

Notes:

i) Projects temporarily suspended represents expenses incurred for the construction of a sewage plant the construction of which is expected to be completed by year ended 31 March 2023.

ii) There are no projects which has exceeded its cost compared to its original plan.

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Note 4 Investment Properties

₹ crore

Particulars	Land	Building	Total
Gross carrying value (at deemed cost)			
As at 1 April 2020	2.09	2.36	4.45
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2021	**2.09**	**2.36**	**4.45**
Additions	-	-	-
Acquisition through business combination (Refer note 50)	0.41	-	0.41
Disposals	-	-	-
Transferred to Assets of disposals group held for sale (Refer note 17.3)	(0.26)	-	(0.26)
As at 31 March 2022	**2.24**	**2.36**	**4.60**
Accumulated depreciation			
As at 1 April 2020	-	1.75	1.75
Depreciation charge	-	0.03	0.03
As at 31 March 2021	**-**	**1.78**	**1.78**
Depreciation charge	-	0.03	0.03
As at 31 March 2022	**-**	**1.81**	**1.81**
Net carrying value			
As at 31 March 2021	2.09	0.58	2.67
As at 31 March 2022	**2.24**	**0.55**	**2.79**

Information regarding income and expenditure of Investment Properties ₹ crore

Particulars	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Rental income derived from investment properties	**0.54**	0.54
Direct operating expenses (including repairs and maintenance) generating rental income	**(0.09)**	(0.05)
Gain arising from investment properties before depreciation and indirect expenses	**0.45**	0.49
Less : Depreciation	**(0.03)**	(0.03)
Gain arising from investment properties before indirect expenses	**0.42**	0.46

Note:

(i) The fair value of the investment properties held by the Group as at the Balance Sheet date is ₹ 15.80 crore (31 March 2021 : ₹ 15.45 crore).
(ii) The Group has fair valued its Investment properties during the year, however the valuation is not done by the registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

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Note 5 Other Intangible assets and goodwill

₹ crore

Particulars	Computer software	Other Intangible assets	Total	Goodwill	Intangible assets under development
Gross carrying value (at deemed cost)					
As at 1 April 2020	89.31	-	89.31	3.38	-
Additions	5.59	-	5.59	-	-
As at 31 March 2021	**94.90**	**-**	**94.90**	**3.38**	**-**
Acquisition through business combination (Refer note 50)	-	956.57	956.57	-	38.79
Additions	6.46	-	6.46	-	116.34
Transferred from Intangible assets under development	-	57.19	57.19	-	(57.19)
Transferred to Assets of disposals group held for sale (Refer note 17.3)	-	-	-	-	(97.94)
Disposals	-	(1,013.76)	(1,013.76)	-	-
As at 31 March 2022	**101.36**	**-**	**101.36**	**3.38**	**-**
Accumulated amortisation					
As at 1 April 2020	25.79	-	25.79	-	-
Amortisation charge	4.97	-	4.97	-	-
As at 31 March 2021	**30.76**	**-**	**30.76**	**-**	**-**
Acquisition through business combination (Refer note 50)	-	243.45	243.45	-	-
Amortisation charge (Refer note 5.3 below)	8.06	31.23	39.28	-	-
Transferred to Assets of disposals group held for sale (Refer note 17.3)	-	(274.68)	(274.68)	-	-
As at 31 March 2022	**38.82**	**-**	**38.82**	**-**	**-**
Net carrying value					
As at 31 March 2021	64.14	-	64.14	3.38	-
As at 31 March 2022	**62.54**	**-**	**62.54**	**3.38**	**-**

Note 5.1 Impairment testing for goodwill

Goodwill is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount is determined based on the fair value of the underlying net assets of the entity. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used. Based on the above, no impairment provision is considered necessary as the recoverable value exceeded the carrying value.

Note 5.2 Intangible Asset Under Development Ageing

Ageing	As at 31 March 2022	As at 31 March 2021
Less than 1 year	9,793.80	-
Reclassification as held for sale (Refer note 17.3)	(9,793.80)	-
Total	-	-

Note 5.3 Includes amortisation expense of ₹ 31.23 crore in respect of discontinued operations.

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	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 6 Investments in associates and joint ventures		
Investments at deemed cost		
i) in associates in India	15.97	13.34
ii) in associates outside India	4.50	3.71
iii) in joint venture in India	-	385.86
iv) in joint venture outside India	0.00 *	0.00 *
Total investments in associates and joint ventures	20.47	402.91

Detailed list of investments in associates and joint ventures

Investments at deemed cost, unquoted and fully paid up

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
i) In associates in India		
Highbar Technocrat Limited 99,940 (31 March 2021: 99,440) equity shares of ₹ 10 each	15.97	13.34
	15.97	13.34
ii) In associates outside India		
Evostate AG 300 (31 March 2021: 300) equity shares of CHF 1,000 each	3.66	2.42
MCR Managing Corp 30 (31 March 2021: 30) equity shares of CHF 1,000 each	0.84	1.29
	4.50	3.71
iii) In joint ventures in India		
HCC Concessions Limited (Refer note 6.2)		
Nil (31 March 2021: 50,000) equity shares of ₹ 10 each; and	-	573.48
Nil (31 March 2021: 2,867,151) Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each	-	285.98
	-	859.46
Less: Share of loss from joint venture accounted under equity method	-	(473.60)
	-	385.86
iv) In joint ventures outside India		
Werkarena Basel AG 500 (31 March 2021: 500) equity shares of CHF 1,000 each	0.00 *	0.00 *
	0.00	0.00
	20.47	402.91

* Represents amount less than ₹ 1 lakh

Note 6.1 The Group's share of profit / (loss) of associates and joint ventures is as follows:

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
From joint ventures		
HCC Concessions Limited (Refer note 6.2)	-	(473.60)
Werkarena Basel AG	0.00 *	0.00 *
From associates		
Highbar Technocrat Limited	16.98	14.34
Evostate AG	(16.50)	(19.07)
MCR Managing Corp	3.13	3.13
Projektentwicklungsges. Parking AG Basel #	-	2.70
	3.61	(472.50)

* Represents amount less than ₹ 1 lakh
# liquidated w.e.f 31 March 2021

Note 6.2

Pursuant to the Securities Purchase Agreement entered during the current year between Xander Investment Holding XXVI Limited ('Xander') and the Holding Company along with certain group entities, Xander's shareholding (14.55%) in HCC Concessions Limited ('HCL'), has been bought back by the Holding Company. Consequent to the buy back, effective 20 August 2021, HCL (including its subsidiaries) ceases to be joint ventures of the Group and become wholly owned subsidiaries. Also refer note 50.

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 6A Investments		
I. Investments in debentures	15.46	-
II. Other investments in equity shares at fair value through Other Comprehensive Income		
In India	19.67	12.54
Outside India	2.77	2.57
Total non-current investments	37.90	15.11

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:ailed list of non-current investments	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
ıvestments in debentures		
akka Raiganj Highways Limited (Refer note 6A.1 below) ,055,946 (31 March 2021 - Nil) Non-Convertible Debentures	15.46	-
	15.46	-
ıther investments in equity shares at fair value through Other Comprehensive Income		
ıdia		
ndwala Securities Limited 32 (31 March 2021: 3,332) equity shares of ₹ 10 each, fully paid - quoted	0.01	0.01
ısing Development Finance Corporation Limited !20 (31 March 2021: 15,220) equity shares of ₹ 2 each, fully paid - quoted	3.64	3.81
⁼C Bank Limited I0 (31 March 2021: 5,000) equity shares of ₹ 10 each, fully paid - quoted	0.73	0.75
shrusha Citizens Co-Op. Hospitals Limited (31 March 2021 : 100) equity shares of ₹ 100 each, fully paid - unquoted	0.00 *	0.00 *
:on Finance Limited 000 (31 March 2021 : 120,000) equity shares of ₹ 10 each, fully paid - unquoted	15.29	7.98
	19.67	12.54
side India		
io- und Fernsehgenossenschaft Zürich-Schaffhausen I March 2021 : 1) equity shares of CHF 50 each, unquoted	0.00 *	0.00 *
ınhaus Zürich AG 31 March 2021 : 10) equity shares of CHF 900 each, unquoted	0.05	0.04
ɔssenschaft Theater für den Kt. Zürich i March 2021 : 1) equity shares of CHF 300 each, unquoted	0.00 *	0.00 *
ebsges. Kongresshaus Zürich AG I1 March 2021 : 30) equity shares of CHF 1,000 each, unquoted	0.33	0.30
lallenstadion Zürich ;1 March 2021 : 10) equity shares of CHF 100 each, unquoted	0.00 *	0.00 *
Medizinishces Therapiezentrum 1 March 2021 : 50) equity shares of CHF 1,000 each, unquoted	0.40	0.39
mo Holding AG 31 March 2021 : 720) equity shares of CHF 29 each, quoted	1.79	1.58
ɜnaktien Messe Zürich 1 March 2021 : Nil) equity shares of CHF 50 each, quoted	0.04	0.03
Group AG ı (31 March 2021 : 2,100) equity shares of CHF 10 each, quoted	0.16	0.23
	2.77	2.57
non-current investments (6 + 6A)	58.37	418.02

ʻresents amount less than ₹ 1 lakh

ls:

ɜgate value of non-current investments is as follows:

Aggregate value of unquoted investments	52.00	411.62
Aggregate value of quoted investments and market value thereof	6.37	6.41
ı Aggregate value of impairment of investments	-	-
Investments carried at cost	20.47	402.91
Investments carried at fair value through profit or loss	15.46	-
ı Investments carried at fair value through Other Comprehensive Income	22.44	15.11

6A.1 : During the previous year, the Subordinate debt (including interest) given by the HCC Concessions Limited ('HCON') to Farakka Raiganj Highways Limited ('FRHL') was converted into non convertible ıture, amounting to ₹ 105.88 crore (par value @ 1 each). As per terms agreed, the redemption of debentures are based on occurrence of certain events and redemption amount specified in Share purchase ment signed with Cube Highways and Infrastructure II Pte. Limited ('CHIPL'). FRHL has concluded conciliation with NHAI and signed settlement agreement on 30 March 2021, for a closure of all outstanding es and claims between the parties. Therefore, HCON has fair valued its Non Convertible Debenture based on certainty of redemption event in the near future. Consequently, the NCD were fair valued as at ırch 2021 at the redemption value of ₹ 217.06 crore

ȝ the current year, 767,709,226 debentures have been redeemed for ₹ 219.60 crore (including interest) representing the redemption value of non-convertible debenture including interest from date of ıption. The oustanding 291,055,946 debentures continue to be carried at fair value at its redemption value under non-current investments.

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	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 7 Trade receivables		
Non-current		
Trade receivables ^ (Refer note 38)	235.75	-
Total non-current trade receivables	235.75	-
Current		
Trade receivables (Refer notes 7.1 and 38) (including retention ₹ 866.95 crore (31 March 2021: ₹ 787.85 crore)	4,377.29	4,501.79
Less: Transferred to assets of disposal groups held for sale (Refer notes 17.2 and 17.3)	(2,286.33)	-
Total current trade receivables	2,090.96	4,501.79
Total trade receivables	2,326.71	4,501.79

^ Presented net off advance received against favourable arbitration awards ₹ 784.92 crore (31 March 2021: Nil)
^^ Presented net off advance received against work bill / arbitration awards / claim of ₹ 2,453.41 crore (31 March 2021: ₹ 2,738.80 crore)

Break-up of security details

	As at 31 March 2022	As at 31 March 2021
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	2,326.71	4,501.79
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	3.14	3.01
Total	2,329.85	4,504.81
Loss allowance	(3.14)	(3.01)
Total trade receivables	2,326.71	4,501.79

Note 7.1 Non-current trade receivables and current trade receivables as at 31 March 2022 include ₹ 187.59 crore (net of advances ₹ 784.92 crore) and ₹ 2,770.14 crore (net of advances ₹ 2,453.41 crore), respectively, representing claims awarded in arbitration in favour of the Holding Company and which have been challenged by the customers in courts. Out of the above, net arbitration award of ₹ 2,283.06 crore has been reclassified as Assets of disposal groups held for sale (refer note 17.2).

Note 7.2 There are no trade receivables due from any director or any officer of the Group, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

Note 7.3 Trade receivables (other than receivables on account of claims awarded in arbitration in favour of the Company) are non-interest bearing and are generally on terms of 30 to 90 days except retention deposits which are due after completion of the defect liability period of the respective projects.

Note 7.4 Trade receivables (including classified as Assets of disposal groups held for sale) ageing schedule:

	Outstanding for following periods from due date of payment						
As at 31 March 2022	**Not due**	**Less than 6 months**	**6 Months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed trade receivables - considered good	495.16	327.23	67.13	512.69	93.31	159.79	1,655.31
(ii) Undisputed trade receivables - which have significant increaes in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	537.94	186.77	415.43	313.96	1,503.63	2,957.73
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	495.16	865.17	253.90	928.12	407.27	1,663.42	4,613.04

Note: Refer note 16 for details of unbilled dues i.e. contract assets.

	Outstanding for following periods from due date of payment						
As at 31 March 2021	**Not due**	**Less than 6 months**	**6 Months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed trade receivables - considered good	395.38	698.77	258.18	125.53	139.75	135.63	1,753.24
(ii) Undisputed trade receivables - which have significant increaes in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	320.25	108.05	433.81	576.33	1,310.11	2,748.55
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	395.38	1,019.02	366.23	559.34	716.08	1,445.74	4,501.79

Note: Refer note 16 for details of unbilled dues i.e. contract assets.

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Note 8 Non-current Loans

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Loans to related parties	57.32	67.44
Total non-current loans	57.32	67.44
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	57.32	67.44
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	57.32	67.44
Loss allowance	-	-
Total loans	57.32	67.44

Note 9 Other financial assets

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Non-current		
Security deposits	33.46	28.12
Bank deposits with maturity of more than 12 months	0.27	1.16
Compensation in lieu of termination	24.56	23.12
	58.29	52.40
Less: loss allowance	(15.64)	(15.64)
Total non-current financial assets	42.65	36.76
Current		
Security deposits	36.36	36.34
Compensation in lieu of termination	192.44	15.02
Interest accrued on deposits / advances	10.68	8.26
Other receivables	51.57	33.58
Less : Transferred to assets of a disposal group held for sale (Refer note 17.3)	(0.68)	-
	290.37	93.20
Less: Loss allowance	(6.13)	(1.15)
Total current financial assets	284.24	92.04
Total other financial assets	326.89	128.81

Note 10 Income tax assets (net) and current tax liability

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
i. The following table provides the details of income tax assets and liabilities:		
a) Income tax assets	306.41	343.07
Less : Transferred to assets of a disposal group held for sale (Refer note 17.3)	(7.79)	-
	298.62	343.07
b) Income tax liabilities	304.29	200.04
Income tax assets (net) [a-b]	(5.67)	143.03
Income tax assets in certain entities	93.53	143.77
Current tax liabilities in case on certain entities	99.20	0.74
Net income tax assets/ (liability)	(5.67)	143.03
ii. The gross movement in the income tax assets / liabilities is as follows:		
Net income tax asset at the beginning	143.03	265.92
Income tax refund (net)	(20.73)	(113.93)
Impact of business combination	(73.54)	-
Transferred to assets of disposal groups held for sale (Refer note 17.3)	(7.80)	-
Current income tax expense	(46.63)	(8.96)
Net income tax assets/ (liability) at the end	(5.67)	143.03
iii. Income tax expense comprises:		
Current tax expense	46.63	8.96
Deferred tax charge / (credit)	39.80	(266.29)
Income tax charge / (credit) [net] in the Statement of Profit and Loss	86.43	(257.33)
Deferred tax charge in Other Comprehensive Income	(0.14)	0.70
Tax charge / (credit) [net]	86.29	(256.63)
iv. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit/ (loss) before income taxes is as below:		
Profit/ (loss) before income tax	506.08	(867.35)
Applicable tax rate in India	34.944%	34.944%
Computed expected tax charge/ (credit)	176.84	(303.09)
Effect of difference in tax rates of overseas subsidiaries	(66.60)	(2.02)
Effect of tax on profit / loss of associates and joint ventures	(77.39)	(22.87)
Effect of expenses not allowed for tax purpose	10.47	29.44
Effect of income not considered for tax purpose	(17.80)	(6.16)
Impact of non recognision of deferred tax	46.66	-
Utilization of unrecognized loss carryforwards from prior years	(0.48)	-
Impact of change in tax rate	9.95	46.58
Others	4.78	0.79
Income tax charge/ (credit) [net] in the Statement of Profit and Loss	86.43	(257.33)

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	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:		
(A) Deferred tax assets (Refer note 10.1)		
(a) Business loss / unabsorbed depreciation / MAT credit entitlements	1,413.19	2,224.03
(b) Impairment allowance on receivables / other assets	0.65	0.65
(c) Timing difference on tangible and intangible assets' depreciation and amortisation	44.29	41.33
(d) Expense allowable on payment basis	166.86	164.99
	1,624.99	2,431.00
(B) Deferred tax liabilities		
(a) Arbitration awards	(881.70)	(1,679.50)
(b) Others	(31.59)	(0.14)
	(913.29)	(1,679.64)
Deferred tax assets (net) (A) - (B)	711.70	751.36
Deferred tax assets in case of certain entities	743.15	751.36
Deferred tax liabilities in case of certain entities	31.45	-
Net deferred tax assets	711.70	751.36

vi. Movement in components of deferred tax assets and deferred tax liabilities are as follows:

	Business loss / unabsorbed depreciation / MAT credit entitlements	Impairment allowance on receivables / other assets	Timing difference on tangible and intangible assets' depreciation	Arbitration awards	Expense allowable on payment basis and others	Other	Total
At 1 April 2020	2,289.55	0.65	60.96	(1,998.40)	133.01	-	485.77
(Charged) / credited							
- to profit or loss	(65.52)	-	(19.63)	318.90	32.69	(0.14)	266.29
- to other comprehensive income	-	-	-	-	(0.70)	-	(0.70)
At 31 March 2021	2,224.03	0.65	41.33	(1,679.50)	164.99	(0.14)	751.36
(Charged) / credited							
- to profit or loss	(810.84)	-	2.96	797.80	1.73	(31.45)	(39.80)
- to other comprehensive income	-	-	-	-	0.14	-	0.14
As at 31 March 2022	1,413.19	0.65	44.29	(881.70)	166.86	(31.59)	711.70

Note 10.1: As at 31 March 2022, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore (31 March 2021: ₹ 715.99 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Holding Company is confident of taxable profits being available against which unused tax losses can be utilized, the Holding Company has not recognized deferred tax asset on the losses incurred effective 1 July 2021. Further, the Holding Company is still evaluating the benefits of exercising the non-reversible option of paying further corporate tax at reduced rates in accordance with section 115BAA of the Income Tax Act, 1961.
Based on the expected profits from the unexecuted orders on hand/ future projects, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of claims/ arbitration awards with customers, the Holding Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 31 March 2022 will be realized.

Note 10.2: Deferred tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments.

Note 10.3: There are unused tax losses in the Group companies for which no deferred tax asset has been recognised as the Group believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

Note 11 Other assets	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Non-current		
Capital advances	1.29	0.97
Balances with government authorities	65.52	70.42
Less : Transferred to assets of a disposal group held for sale (Refer note 17.3)	(0.78)	-
Prepaid expenses	1.87	3.11
Total other non-current assets	67.90	74.50
Current		
Advance to suppliers and subcontractors	131.22	167.05
Balances with government authorities	171.14	89.72
Prepaid expenses	11.55	7.44
Other assets	39.22	19.55
	353.13	283.76
Less : Transferred to assets of disposal groups held for sale (Refer note 17.3)	(0.42)	-
Total other current assets	352.71	283.76
Less: Loss allowance	(29.73)	(29.72)
	322.98	254.04
Total other assets	390.88	328.54

Note 12 Inventories		
Land and development rights	308.69	291.55
Construction raw material, stores and spares	170.05	182.15
Fuel and others	6.10	5.90
Total inventories	484.84	479.60

Note 13 Current investments		
Investments in others carried at fair value through profit and loss		
Investment in mutual funds	0.66	0.15
Total current investments	0.66	0.15
Detailed list of current investments		
Investments in mutual funds		
Essel Liquid Fund Growth plan : 72,422 Units (31 March 2021 :72,422 Units)	0.02	0.02
Canara Rebeco Mutual Fund 1,976.26 units (31 March 2021 :Nil)	0.50	-
ICICI Money Market Fund 709,181 units (31 March 2021 : 683,157 units)	0.01	0.01
SBI Premier Liquid Fund 1205.366 units (31 March 2021: 1,205.366 units)	0.13	0.12
	0.66	0.15

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Details:

Aggregate value of current investments is as follows:

(i) Aggregate value of unquoted investments	0.66	0.15
(ii) Aggregate value of quoted investments and market value thereof	-	-
(iii) Aggregate value of impairment in the value of investments	-	-
(i) Investments carried at cost	-	0.00
(ii) Investments carried at amortised cost	-	-
(iii) Investments carried at fair value through profit and loss	0.66	0.15

Note 14 Cash and cash equivalents

Balances with banks (Refer note 19.4)		
- in current accounts	576.04	467.01
- in deposit account with original maturity upto 3 months	212.81	174.45
Cash on hand	0.99	0.67
Less : Transferred to assets of disposal groups held for sale (Refer note 17.3)	(68.87)	-
Total cash and cash equivalents	720.97	642.13

Note 15 Bank balances other than cash and cash equivalents

Bank deposits with maturity of more than 3 months and less than 12 months (Refer note 18.5 and notes below)	977.63	619.49
Less : Transferred to assets of disposal groups held for sale (Refer note 17.3)	(156.21)	-
Total bank balances other than cash and cash equivalents	821.42	619.49

Notes:
i) includes ₹ 7,600 (31 March 2021: ₹ 7,600) which is held in abeyance due to legal cases pending.
ii) Includes ₹ 26.04 crore (31 March 2021: ₹ 35.40 crore) held as margin money against arbitration awards

Note 15.1 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2022

Note 16 Unbilled work-in-progress (contract assets)

Unbilled work-in-progress (contract assets) ^	4,088.43	3,826.12
Less: Transferred to Assets of disposal groups held for sale (refer note 17.2)	(359.40)	-
Total Unbilled work-in-progress (contract assets)	3,729.03	3,826.12

^ Net of advance received against work bill ₹ 103.14 crore (31 March 2021: ₹ 152.82 crore)

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 17 Assets of disposal groups held for sale		
a) Freehold land (Refer note 17.1)		
Freehold land	6.49	6.49
Less: Asset reclassified to Property, plant and equipment	(6.49)	-
	-	6.49
b) Assets of a disposal group held for sale (Refer note 17.2)		
- Trade receivables	2,283.06	-
- Unbilled work-in-progress (contract assets)	359.40	-
	2,642.46	-
c) Assets of a disposal group held for sale (Refer note 17.3)		
Property, plant and equipment	1.24	-
Intangible asset	739.08	-
Investment property	0.26	-
Intangible asset under development	97.94	-
Other non current asset	0.78	-
Trade receivables	3.27	-
Cash and cash equivalent	68.87	-
Other bank balance	156.21	
Non-current tax assets (net)	7.80	-
Other current asset	0.41	-
Other financial asset	0.68	-
	1,076.54	-
Total assets of a disposal group held for sale	3,719.00	6.49

Note 17.1 During the year ended 31 March 2020, the Holding Company had entered into an agreement with a subsidiary company to develop a parcel of freehold land situated at Vikhroli under the registration district of Mumbai suburban city. An advance of ₹ 20.20 crore was also received as per the terms of the agreement. However, the completion of the sale transaction has been significantly delayed due to COVID-19.

Considering the present market conditions, the Holding Company does not foresee to complete the transaction in the next twelve months and the sale no longer classifies as 'highly probable' in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the same has been re-classified as "Property, plant and equipment".

Note 17.2 Pursuant to the proposed resolution plan with lenders, which has become binding due to receipt of requisite approval by lenders, the economic and beneficial interest of certain arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company. The Board of Directors and shareholders of the Holding Company have approved the resolution plan at their meetings held on 27 May 2021 and 29 June 2021, respectively. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest / charges) qualify as assets and liabilities of a disposal group held for sale. Consequently, as at 31 March 2022, trade receivables and unbilled work-in-progress (contract assets) aggregating ₹ 2,283.06 crore and ₹ 359.40 crore, respectively, have been classified as assets of a disposal group held for sale. Similarly, as at 31 March 2022, current borrowings, trade payables and other current financial liabilities amounting to ₹ 2,448.94 crore, ₹ 22.30 crore and ₹ 470.80 crore, respectively, have been classified as liabilities of a disposal group held for sale. The Company expects the resolution plan to be implemented by 31 July 2022.

Note 17.3 HCC Concessions Limited ('HCON'), on 1 February 2022, has entered into a binding term sheet for 100% stake sale of its subsidiary i.e Baharampore Farakka Highways Limited ('BFHL'), for a equity consideration of ₹ 600 crores subject to closing adjustments and requisite approvals. Additionally, HCON would be entitled to certain earn-outs (contingent on traffic/ revenue projections) and share of certain future revenue share from BFHL over the concessions period, which is expected to be material.

Pursuant to the above, BFHL has been presented as discontinued operations in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. The requisite disclosures in accordance with Ind AS 105 are given below:

Financial performance and cash flow operations pertaining to discontinued operations

Particulars	For the year ended 31 March 2022
Total income	188.57
Total expenses	195.59
Loss before tax	(7.02)
Exceptional item	-
Tax expenses	(13.07)
Loss after tax	(20.09)
Other comprehensive income from discontinued operations	-
Net cash generated from operating activities	309.48
Net cash used in investing activities	(0.02)
Net cash used in financing activities	(30.79)
Net cash generated from discontinued operations	278.68

* In accordance with Ind AS 105, disclosures for prior period are also required to be presented in respect of discontinuing operations. However, as BFHL has become subsidiary of the Group effective 20 August 2021, requisite disclosures under Ind AS 105 have been presented effective 20 August 2021.

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Walker Chandiok & Co LLP Chartered Accountants Pune

Note 18 Equity share capital	As at 31 March 2022 ₹ crore		As at 31 March 2021 ₹ crore	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 1 each	2,00,00,00,000	200.00	2,00,00,00,000	200.00
Total authorised share capital	2,00,00,00,000	200.00	2,00,00,00,000	200.00
Issued, subscribed and paid-up equity share capital:				
Equity shares of ₹ 1 each, fully paid up	1,51,29,76,244 ^	151.31	1,51,29,76,244 ^	151.31
^ excludes 13,225 equity shares forfieted by the Holding Company.				
Total issued, subscribed and paid-up equity share capital	1,51,29,76,244	151.31	1,51,29,76,244	151.31

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	₹ crore
As at 1 April 2020	1,51,29,76,244	151.31
Issued during the year	-	-
As at 31 March 2021	1,51,29,76,244	151.31
Issued during the year	-	-
As at 31 March 2022	1,51,29,76,244	151.31

b. Terms/ rights attached to equity shares:

The Holding Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shareholding of more than 5%:

Name of the Shareholder	As at 31 March 2022 No. of shares	% held	As at 31 March 2021 No. of shares	% held
Arya Capital Management Private Limited	24,40,13,391	16.13%	24,40,13,391	16.13%
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%
Asia Opportunities IV (Mauritius) Limited	11,54,62,961	7.63%	11,54,62,961	7.63%
HDFC Trustee Company Limited	7,35,80,077	4.86%	8,80,27,596	5.82%

As per the records of the holding company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d. Bonus shares/ buy back/shares for consideration other than cash issued during past five years:

(i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash - Nil

(ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

(iii) Aggregate number and class of shares bought back - Nil

e. Shareholding of promoters

As at 31 March 2022

Name of Promoters	As at 31 March 2022 No. of shares held	% of total shares	As at 31 March 2021 No. of shares held	% of total shares	% Change during the year
Arya Capital Management Private Limited	24,40,13,391	16.13%	24,40,13,391	16.13%	-
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%	-
Hincon Finance Limited	6,22,61,186	4.12%	6,22,61,186	4.12%	-
Ajit Gulabchand	21,17,294	0.14%	21,17,294	0.14%	-
Shalaka Investment Private Limited	5,38,000	0.04%	5,38,000	0.04%	-
Anjani Ashwin Parekh	2,51,400	0.02%	2,51,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

As at 31 March 2021

Name of Promoters	As at 31 March 2021 No. of shares held	% of total shares	As at 31 March 2020 No. of shares held	% of total shares	% Change during the year
Arya Capital Management Private Limited	24,40,13,391	16.13%	24,40,13,391	16.13%	-
Hincon Holdings Limited	21,60,23,600	14.28%	21,60,23,600	14.28%	-
Hincon Finance Limited	6,22,61,186	4.12%	6,22,61,186	4.12%	-
Ajit Gulabchand	21,17,294	0.14%	21,17,294	0.14%	-
Shalaka Investment Private Limited	5,38,000	0.04%	5,38,000	0.04%	-
Anjani Ashwin Parekh	2,51,400	0.02%	2,51,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

* represents less than 0.01%

f. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting/ Annual General Meeting held in earlier years, the allotment committee of the Board of Directors at its meetings held on various dates allotted collectively to the lenders 236,304,020 equity shares of face value of ₹ 1 each aggregating ₹ 828.35 crore and 14,671,590 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,467.16 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme). The implementation of the S4A Scheme and the consequent allotment of equity shares/ OCDs have been made in respect of all the lenders.

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * PUNE

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

Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

Note 18A Other equity

₹ crore

Particulars	Reserves and surplus							Other comprehensive income		Non-controlling interest	Total equity attributable to equity holders
	Capital reserve	Forfeited debentures account	Securities premium	Debenture redemption reserve	Foreign currency monetary translation reserve	General reserve	Retained earnings	Equity instruments at fair value through other comprehensive income	Translation loss relating to foreign operation (net)		
As at 1 April 2020	31.49	0.02	2,650.87	54.99	7.08	180.24	(3,634.30)	(25.05)	(175.83)	0.00 *	(910.49)
Loss for the year	-	-	-	-	-	-	(610.02)	-	-	0.00 *	(610.02)
Other comprehensive income for the year	-	-	-	-	-	-	24.96	5.70	28.27	0.00 *	58.93
Restatement of foreign currency monetary translation items	-	-	-	-	(4.60)	-	-	-	-	-	(4.60)
Amortisation of foreign currency monetary translation items	-	-	-	-	(2.72)	-	-	-	-	-	(2.72)
As at 31 March 2021	31.49	0.02	2,650.87	54.99	(0.24)	180.24	(4,219.36)	(19.35)	(147.56)	0.00 *	(1,468.90)
Profit for the year	-	-	-	-	-	-	399.56	-	-	- *	399.56
Other comprehensive income for the year	-	-	-	-	-	-	82.49	7.09	(4.51)	- *	85.07
Gain on fair valuation of previously held equity interest in a business combination (Refer note 50)	-	-	-	-	-	-	-	46.61	-	-	46.61
Restatement of foreign currency monetary translation items	-	-	-	-	3.84	-	-	-	-	-	3.84
Amortisation of foreign currency monetary translation items	-	-	-	-	(2.13)	-	-	-	-	-	(2.13)
As at 31 March 2022	31.49	0.02	2,650.87	54.99	1.47	180.24	(3,737.31)	34.35	(152.07)	0.00 *	(935.95)

Nature and purpose of reserves

i. Capital reserve
The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own equity instruments to capital reserve.

ii. Forfeited debentures account
The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own debentures to forfeited debentures account.

iii. Securities premium
Securities premium is used to record the premium received on issue of shares or debentures. This account is utilised in accordance with the provisions of the Companies Act, 2013 (the 'Act').

iv. Debenture redemption reserve
The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.

v. Foreign currency monetary translation reserve
Exchange difference arising on translation of the long term monetary items is accumulated in separate reserve within equity. The cumulative amount is reclassified to the Statement of Profit and Loss over the life of the monetary asset / liability on a straight line basis.

vi. General reserve
Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

vii. Retained earnings
Retained earnings represents the profits/ losses that the Group has earned / incurred till date including gain / (loss) on fair value of defined benefits plans as adjusted for distributions to owners, transfer to other reserves etc.

viii. Other comprehensive income
The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amount from this reserve to retained earnings when the relevant equity securities are disposed off.

ix. Translation loss relating to foreign operation (net)
The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in 'Translation loss relating to foreign operation (net)' in other equity.

* Represents amount less than ₹ 1 lakh
The accompanying notes form an integral part of the consolidated financial statements

HINDUSTAN CONSTRUCTION CO. LTD. ★MUMBAI-83.★

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 19 Borrowings		
I. Non-current borrowing:		
Secured		
A. 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	854.22	1,084.24
(ii) From others	88.29	111.38
B. Foreign Currency Term Loans from banks	213.57	207.08
C. Rupee Term Loans (RTL-A)	-	1.71
D. Other term loans		
(i) From banks	590.55	-
(ii) From others	87.61	-
Less : Transferred to liabilities of a disposal group held for sale [Refer notes 17.3 and 24(ii)]	(678.16)	
	1,156.08	1,404.41
Unsecured		
A. Foreign Currency Term Loan from bank	22.39	-
B. Rupee term loan from others		3.87
Total non-current borrowings	1,178.47	1,408.28
II. Current borrowing:		
Secured		
i) Current maturities of long-term debts:		
(a) Non-Convertible Debentures	41.12	63.37
(b) Foreign Currency Term Loans from others	72.04	69.63
(c) Rupee Term Loans (RTL-A)		
(i) From banks	53.61	67.32
(ii) From others	25.90	25.35
(d) Rupee Term Loans (RTL-1)		
(i) From banks	47.91	66.87
(ii) From others	41.93	44.80
(e) Rupee Term Loans (RTL-2)		
(i) From banks	287.37	316.09
(ii) From others	37.93	38.35
(f) Working Capital Term Loan from Banks (WCTL-2)		
(i) From banks	4.52	4.91
(ii) From others	11.08	11.06
(g) 0.01% Optionally Convertible Debentures (OCDs)		
(i) From banks	225.68	-
(ii) From others	23.09	-
(h) Other term loans		
(ii) From banks	86.51	305.64
(ii) From others	-	6.04
	958.69	1,019.43
ii) Cash credit facilities (Repayable on demand)	1,154.31	1,123.39
iii) Other working capital loans from banks	784.05	753.31
Unsecured		
i) Current maturities of long-term borrowings		
- Foreign Currency Term Loan from bank	-	50.79
ii) Loans from related party	0.10	24.13
iii) Other bank loans	164.60	153.88
Total	3,061.75	3,124.93
Less: Transferred to liabilities of disposal groups held for sale [Refer notes 17.2 and 24(i)]	(2,448.94)	-
Total current borrowings	612.81	3,124.93
Total borrowings	1,791.28	4,533.21

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. Vikhroli (W) MUMBAI-83

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
19.1 Details of security and terms of repayment		
(a) Non-Convertible Debentures (NCDs)		
i) Axis		
These debentures were classified as RTL-1. These debentures carried an interest yield of 11.50% p.a. and were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. These were secured by way of registered mortgage over 231.66 acres of land of Lavasa Corporation Limited ('LCL'), situated in 5 villages namely Village Admal, Bhode, Gadle, Padalghar and Ugavali in taluka Mulshi, District Pune, Maharashtra. Same has been fully repaid in the current year.	-	14.81
ii) LIC		
These debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021 and the Company is in default of repayment thereof.	41.12	48.56
	41.12	63.37

(b) 0.01% Optionally Convertible Debentures (OCDs)

OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the issuance, the OCDs were to be converted into non-convertible debentures in case of non-occurrence of event of default as per the guidelines of the S4A Scheme. Pursuant to the exemption provided by the Securities and Exchange Board of India ('SEBI') from the application of Regulation 75 of SEBI ICDR regulations to the Company, the tenure of OCDs has been extended for a further 8.5 years beyond the statutorily prescribed period of 18 months. The lenders have an option to convert the OCDs into equity shares of the Company, in accordance with the terms thereof including in case of any event of default or default in payment during the 10 years from the date of issuance of respective OCDs. The repayment of the OCD commences from the 6th anniversary of the allotment date. Details of principal maturity have been provided below.

Date of Repayment	₹ crore
30 September 2022	248.77
30 September 2023	249.48
30 September 2024	233.59
30 September 2025	225.16
30 September 2026	234.28

Security details

1. First ranking pari passu charge on all of the Holding Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and

2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security perfection has been completed on the OCD facilities issued as part of the S4A scheme.

Collateral security pari-passu with all S4A lenders:

1. HREL Real Estate Limited (HREL) has provided Corporate guarantee for the outstanding facilities of the Holding Company.

2. First par-passu charge on Pledge of 85,767,617 equity shares of the Company and second charge on 154,151,669 equity shares of the Company held by Hincon Finance Limited and Hincon Holdings Limited.

3. Personal guarantee of the Chairman and Managing Director of the Holding Company.

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

HINDUSTAN CONSTRUCTION COMPANY LTD. MUMBAI-83

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
(c) Foreign Currency Term Loans		
(i) Export-Import Bank of India		
The loan availed by HCC Mauritius Enterprise Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025. This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pledge of equity shareholding of the borrower held by Holding Company (iii) a first charge over specific fixed assets of Holding Company having written down value of ₹ 50 crore (at the time of original sanction in May 2010) (iv) pledge of 33% equity share holding of Steiner AG, held by HMEL, a subsidiary company (v) non disposal undertaking for non-disposal of shareholding in Steiner AG or any other SPV created for the purpose of acquition.	41.45	40.19
(ii) Export-Import Bank of India		
The loan availed by HCC Mauritius Investment Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025. This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pari-passus first charge over specific fixed assets of Holding Company (also encumbered for term loan availed by HMEL from Exim bank for acquisition of 66% of the equity shares of Steiner AG) (iii) corporate guarantee by HMEL (iv) pledge of 66% equity share holding of Steiner AG, held by HMEL, a subsidiary company (including pari-passu pledge on 33% shares encumbered for term loan availed by HMEL from Exim bank) (v) pledge of 100% equity shares of HMIL held by Holding Company (vi) pledge of 34% equity shares of Steiner AG, held by HMIL, a subsidiary company.	172.12	166.89
(iii) Foreign Currency Term Loan from Bank This loan was repayable in 26 monthly instalments commencing from 31 May 2019 and ending on 30 June 2021. However, during the current year, the Holding Company has entered into an amendment agreement with the lender wherein the parties have agreed to restructure the outstanding amounts for USD 6.89 million with fixed interest rate of 1.91% p.a. compounded annually, repayable in 3 structured instalments commencing from 31 December 2028 and ending on 31 December 2030.	22.39	50.79
(iv) Asia Opportunities (IV) Mauritius Limited - External Commercial Borrowings (ECB)		
The ECB loan of Holding Company carries a floating interest rate equal to 3 month LIBOR plus 350 basis points and was repayable in three quarterly instalments commencing from 31 December 2019. The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation.	72.04	69.63

(d) Rupee Term Loans (RTL-A)

RTL-A carries interest rate of 11.75% p.a., payable monthly, over the five years commencing 25 May 2017. Refer note 19.1.1 for security details.

(e) Rupee Term Loans 1 (RTL-1) and Rupee Term Loans 2 (RTL-2)

RTL - 1 and RTL - 2 carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 19.1.1 for security details.

(f) Working Capital Term Loan from Banks (WCTL-2)

Working Capital Term Loan (WCTL-2) carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 19.1.1 for security details.

WALKER CHANDIOK & CO LLP * PUNE * CHARTERED ACCOUNTANTS *

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

		As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
	(g) Other term loans from banks		
i)	Term Loan from ICICI bank carrying interest rate of ICICI Base Rate (9.25% p.a.) plus 2.25% p.a. This loan is repayable within 10 years in 28 structured quarterly instalments commencing from 15 April 2016 and ending on 15 January 2023. This term loan is secured by: a) first exclusive charge on the current assets and fixed assets of the borrower (subsidiary company) b) mortgage over land situated at Kavsar, Thane, Maharashtra (32 acres) of HRL (Thane) Real Estate Limited on first pari-passu basis c) Pledge over 30% shareholding of HREL in HRL (Thane) Real Estate Limited d) Pledge over 30% shareholding of HCC in Highbar Technologies Limited.	9.16	8.21
ii)	Term loans are repayable in 16 consecutive quarterly instalments commencing from the third year of the loan, Carrying floating interest rate ranging from 10.75% to 12.25% p.a. The loans are secured by way of : a) Extension of the Charge on the pledge of shares of HICL in HCC Concessions Ltd ('HCL') already charged to the bank at HICL. b) First Pari Passu Charge on all assets of HICL c) Extension of second pari passu charge over entire assets of HICL [Including movable and immovable property, plant and equipment (if any) and current assets], excluding investments, both present and future provided for the bank facility at HICL for Loan amount of ₹ 88.00 crore. d) Corporate guarantee of HICL in a form and manner acceptable to the bank (Refer Note 34.1)	-	21.86
iii)	Loan carries an interest rate ranging between 10.65% to 11.25% p.a. The loan has been secured as follows: a) First Pari passu charge on all assets of the HICL b) Extension of Pledge of Shares HICL in HCL already pledged with the bank for the HICL c) Unconditional and irrevocable Guarantee from HICL d) Unconditional and irrevocable Guarantee from the Holding Company e) Extension of the second pari passu charge over entire assets of HICL f) Pledge over 30% equity shares of HCC Power Ltd held by HICL in favour of IDBI g) Trusteeship Services Ltd as Security Trustee for TL1, TL2, TL3 & TL4 sanctioned by lender to HCC Power Limited, to be reduced to 15% on repayment of 50% of the sanctioned facilities. h) Terms of repayment : Term loans are repayable in 20 consecutive quarterly instalments commencing from the third year of the loan as set forth in sanction letter dated 10 December 2015.(Refer Note 34.1)	-	236.60
iv)	Carrying floating interest rate ranging from 10.75% to 11.25% p.a. repayable in 20 structured quarterly installments commencing from February 2019 and ending on December 2022 (Refer Note 34.1) Secured by Unconditional and Irrevocable Corporate Guarantee of HREL Real Estate Limited & Undertaking from HCC Infrastructure Company Limited The HICL has entered into a novation agreement with Charosa Wineries Limited and Yes Bank Limited pursuant to the Resolution Plan of Charosa Wineries Limited whereby the loan from Yes Bank Ltd. amounting to ₹ 37.73 crore borrowed by Charosa Wineries Limited alongwith its rights and Liabilities under the Loan Agreement will be transferred to Dhule Palesner Operations & Maintenance Limited.	-	37.73
v)	Carrying floating interest rate ranging from 10.75% to 12.25% p.a. repayable in 7 structured quarterly installments commencing from September 2020 and ending on March 2022 (Refer Note 34.1) Term loans are repayable in 16 consecutive quarterly instalments commencing from the third year of the loan Extension of the Charge on the pledge of shares of HCC Infrastructure Company Limited (HICL) in HCC Concessions Ltd already charged to the bank at HCC Infrastructure Company Limited. Extension of second pari passu charge over entire assets of HICL(Including movable and immovable fixed assets(If any) and current assets), excluding investments, both present and future provided for the bank facility at HICL for Loan amount of ₹ 88,00,00,000 Corporate guarantee of HCC Infrastructure Company Limited in a form and manner acceptable to the bank First Pari Passu Charge on all assets of Borrower	-	1.24
vi)	Carrying interest rate ranging 9.75% to 10.75 % p.a. repayable in 52 unstructured quarterly installments commencing from March 2016 and ending in 30 June 2029.	590.55	-
vii)	Carrying interest rate of 10.75% p.a. repayable in 52 consecutive quarterly installments from June 2018 and ending on March 2031	73.03	-
viii)	Carrying interest rate ranging 9.75 % to 11.00% p.a. repayable in 52 unstructured quarterly installments commencing from June 2018 and ending on September 2031.	87.61	-
ix)	Carrying interest rate of 10.75% p.a.repayable in 52 consecutive quarterly installments from June 2018 and ending on March 2031	4.32	-
	Less : Transferred to liabilities of a disposal group held for sale [Refer notes 17.3 and 24(ii)]	(678.16)	-
		86.51	305.64

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(h) Term loans from others

Carrying 12.75% interest rate p.a. repayable in 34 structured monthly installments commencing from June 2019	-	6.04
The loans are secured by way of :		
a) Subservient charge (yet to create) on proceed from an arbitration award in favour of a Group Company to the extent of ₹ 7 crore		
b) An subservient charge on the claim receivables to the extent of loan outstanding under the Deed of Hypothecation.		
	-	6.04

(i) Cash credit facilities
The Cash credit facilities carry a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points and are repayable on demand.

(j) Working capital loan
Working Capital Loans carry a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points. Loans aggregating ₹ 636.56 crore (31 March 2021: ₹ 718.56 crore. which were contractually repayable between 30 June 2019 and 31 March 2021 and the Holding Company has defaulted in the repayment thereof.

(k) Working capital demand loans availed by Steiner AG:

Working Capital Demand Loan from bank include loan facilities availed by Steiner AG, a subsidiary company, aggregating ₹ 147.49 crore (31 March 2021: ₹ 34.75 crore) secured by first charge by way of a (i) mortgage on land in favour of a foreign bank (Project: Vista Nobile) (ii) mortgage on a land in favour of a foreign bank (Project: BASF Wandenswil)

II. Unsecured	**As at 31 March 2022 ₹ crore**	**As at 31 March 2021 ₹ crore**
(a) Loan availed by Steiner AG from Credit Suisse, Switzerland	-	3.87
	-	3.87

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(b) Other bank loan

As at 31 March 2022, bank guarantees aggregating ₹ 164.60 crore (31 March 2021: ₹ 153.88 crore) have been encashed by customers/ suppliers of the Holding Company. Pursuant to the encashment of guarantees, these amounts were demanded by the respective banks and the Holding Company has defaulted in the repayment thereof. Consequently, these dues have been presented as "other bank loans" under current borrowings. These loans carry a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points.

Note 19.1.1 RTL-A, RTL-1, RTL-2 and WCTL-2 are secured in the form of:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Holding Company (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future current assets of the Holding Company (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

The above security having ranking in respect to RTL1 and RTL-A are as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

The above security having ranking in respect to RTL2 and WCTL2 are as below:
A second ranking and pari passu security interest by way of legal mortgage over all the Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA:

1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Company.
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company.

Note 19.1.2 Security and terms for Cash Credit Facilities and Other Working Capital Demand Loan:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The above security having ranking as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA are same as indicated in note 19.1.1.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Company.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

Note 19.2 Net debt reconciliation
An analysis of net debt and the movement in net debt for the year ended 31 March 2022 and 31 March 2021 is as follows:

(₹ crore)

Particulars	31 March 2022	31 March 2021
Cash and cash equivalents	720.97	642.13
Current borrowings (including interest accrued)	4,111.80	3,554.86
Non-current borrowings (including interest accrued)	2,692.93	2,216.59
Net debt	6,083.76	5,129.32

(₹ crore)

Particulars	Cash and cash equivalents (A)	Non-current borrowings (B)	Current borrowings (C)	Total (D) = B + C - A
Net debt as at 1 April 2020	276.11	2,182.67	2,534.74	4,441.30
Cash flows (net)	374.15	(89.72)	648.65	184.78
Exchange loss	(8.13)	-	-	8.13
Interest expense	-	234.79	378.96	613.75
Reclassification	-	(19.99)	19.99	-
Interest paid	-	(91.16)	(27.48)	(118.64)
Net debt as at 31 March 2021	642.13	2,216.59	3,554.86	5,129.32
Cash flows (net)	61.65	(55.84)	(158.99)	(276.48)
Exchange loss	17.19	-	-	(17.19)
Addition due to business combination	-	789.89	-	789.89
Gain on one-time settlement	-	(31.34)	(74.76)	(106.10)
Reclassification	-	(455.32)	455.32	-
Interest expense	-	269.72	544.85	814.57
Interest paid	-	(40.78)	(209.47)	(250.25)
Net debt as at 31 March 2022	720.97	2,692.93	4,111.80	6,083.76

Note 19.3 In respect of below balances, direct confirmations from lenders of the Holding Company has not been received:

Particulars	As at 31 March 2022	As at 31 March 2021
Current borrowings	49.67	2.10
Other current financial liabilities	320.55	616.09
Liabilities of a disposal group held for sale	2.85	-
	373.07	618.19

In the absence of confirmations/ statements from lenders, the Holding Company has provided for interest (including penal interest) based on the interest rate specified in the agreement or latest communication available from the respective lenders and interest has been computed on the balance of loans as per Holding Company's records. The Holding Company's management believes that amount payable will not exceed the liability provided in the financial results in respect of these borrowings.
Further, balances with banks (included under cash and cash equivalents) and earmarked balances fixed deposits (included under bank balances other than cash and cash equivalents) as at 31 March 2022 include balances amounting to ₹ 2.18 crore (31 March 2021: ₹ 2.10 crore) and ₹ 0.95 crore (31 March 2021: ₹ 10.91 crore), respectively, for which confirmations/ statements from banks have not been received.

Note 19.4 Default in repayment of Borrowings

As at 31 March 2022, the Company has defaulted in repayment of borrowings (non-current and currrent) including interest thereon. The item-wise breakup is as under:

Sr. No.	Particulars	Period	Principal (₹ in crore)	Interest (₹ in crore)
1	Non-Convertible Debentures	31 to 90 days		
		91 to 180 days	1.49	0.02
		181 to 365 days	2.98	0.23
2	Term Loans from Banks	Upto 30 days	-	0.09
		31 to 90 days	13.65	21.82
		91 to 180 days	20.83	14.39
		181 to 365 days	52.02	97.99
		> 365 days	305.59	117.79
3	Term Loans from Financial Institutions	31 to 90 days	1.55	7.93
		91 to 180 days	6.86	4.19
		181 to 365 days	20.44	26.19
		> 365 days	157.40	36.95
4	Working Capital Demand Loans	> 365 days	636.57	44.84
5	Cash Credit Facilities	31 to 90 days	-	-
		181 to 365 days	-	-
		> 365 days	493.74	118.98
6	Other Bank Loans	31 to 90 days		
		91 to 180 days	10.73	1.02
		181 to 365 days		
		> 365 days	153.89	47.34
	Total		1,877.74	539.77

As at 31 March 2021, the Company has defaulted in repayment of borrowings (non-current and currrent) including interest thereon. The item-wise breakup is as under:

Sr. No.	Particulars	Period	Principal (₹ in crore)	Interest (₹ in crore)
1	Non-Convertible Debentures	31 to 90 days	5.71	1.30
		91 to 180 days	5.71	0.92
		181 to 365 days	5.71	2.22
2	Term Loans from Banks	Upto 30 days	-	0.08
		31 to 90 days	45.45	32.15
		91 to 180 days	54.06	33.17
		181 to 365 days	370.00	77.02
		> 365 days	139.57	47.99
3	Term Loans from Financial Institutions	31 to 90 days	11.53	4.64
		91 to 180 days	9.41	3.60
		181 to 365 days	56.30	11.47
		> 365 days	133.51	30.56
4	Working Capital Demand Loans	> 365 days	529.75	31.63
5	Cash Credit Facilities	31 to 90 days	155.18	1.59
		91 to 180 days	0.14	0.15
		181 to 365 days	13.81	-
		> 365 days	436.49	58.79
6	Other Bank Loans	31 to 90 days	-	-
		91 to 180 days	9.10	0.68
		181 to 365 days	56.63	6.25
		> 365 days	88.17	14.32
	Total		2,126.23	358.52

Note 19.5 Reconciliation of stock statement submitted to the consortium banks with books of account where borrowings have been availed based on security of current assets:

By Holding Company

Quarter ended	Name of the Bank	Particulars	*Amount as per books of accounts	*Amount reported in the quarterly return/statement	Amount of difference	Reason for material variances
30 June 2021	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,741.38	2,160.21	581.17	Refer note below
		Trade Receivables	4,285.78	2,410.07	1,875.71	
30 September 2021		Inventory & Unbilled work-in-progress	2,796.76	2,205.14	591.62	Refer note below
		Trade Receivables	3,800.76	1,631.40	2,169.36	
31 December 2021		Inventory & Unbilled work-in-progress	2,989.20	2,287.09	702.11	Refer note below
		Trade Receivables	3,961.10	1,713.78	2,247.32	

Quarter ended	Name of the Bank	Particulars	*Amount as per books of accounts	*Amount reported in the quarterly return/statement	Amount of difference	Reason for material variances
30 June 2020	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,788.06	2,288.74	499.32	Refer note below
		Trade Receivables	4,379.89	3,131.96	1,247.93	
30 September 2020		Inventory & Unbilled work-in-progress	2,873.91	2,403.03	470.89	Refer note below
		Trade Receivables	4,373.87	3,224.20	1,149.67	
31 December 2020		Inventory & Unbilled work-in-progress	2,947.78	2,435.00	512.78	Refer note below
		Trade Receivables	4,269.95	3,238.29	1,031.66	
31 March 2021		Inventory & Unbilled work-in-progress	2,609.82	1,969.90	639.92	Refer note below
		Trade Receivables	4,398.21	2,592.58	1,805.63	

i) Difference is mainly on account of arrangement with banks/ financial institution, which requires the Holding Company to submit the details of inventory, trade receivable, unbilled work-in-progress excluding projects executed as joint operations and projects which are closed/ suspended/ terminated etc.

ii) No other group company has availed borrowings based on security of current assets.

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Note 20 Other financial liabilities	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Non-current		
Security deposits	0.13	0.59
Interest accrued but not due	1,014.86	944.15
Financial liabilities of erstwhile subsidiary assumed [Refer notes 20.1(i)]	490.20	513.73
Financial guarantees	49.70	49.70
Total non-current financial liabilities	1,554.89	1,508.17
Current		
Interest accrued but not due (Refer notes 19.3 and 20.2)	445.77	149.82
Interest accrued and due (Refer note 19.3)	604.28	400.30
Unpaid dividends	0.00 *^	0.00 *^
Financial liabilities of erstwhile subsidiary assumed [Refer notes 19.3 and 20.1(ii) and (iii)]	494.56	434.97
Others		
- Due to employees	97.93	91.63
- Liability for capital goods	6.46	7.42
- Interest payable on contractee advances	213.44	178.80
- Other liabilities	18.53	31.16
	1,880.97	1,294.10
Less: *Transferred to liabilities of a disposal group held for sale (Refer notes 17.2, 17.3 and 24)*	(473.65)	-
Total current financial liabilities	1,407.32	1,294.10
Total other financial liabilities	2,962.21	2,802.27

* Represents amount less than ₹ 1 lakh

^ Includes ₹ 7,600 (31 March 2021: ₹ 7,600) which is held in abeyance due to legal cases pending

Other financial liabilities carried at amortised cost	2,962.21	2,802.27
Other financial liabilities carried at FVPL	-	-

Note 20.1 Details of security and terms of repayment

Liability towards invocation of put options and corporate guarantees by lenders of Lavasa Corporation Limited ('LCL')

(i) Pursuant to sanction letters entered with lenders of LCL during earlier years, liabilities aggregating ₹ 865.23 crore were taken over by the Holding Company at ₹ 515 crore. As per the sanction letters, these liabilities carried an interest of 9.50% p.a. compounded quarterly with effect from 1 October 2018 and were to be repaid by 31 March 2023 from realization of certain identified claims. However, as per the current resolution plan, which has been approved by the respective Board/ Committees of 100% lenders making the resolution plan binding on all lenders, the aforesaid lenders of LCL would be repaid as per the revised payment plan between March 2023 to June 2029. Pending the implementation of the resolution plan, the differential between the liability pursuant to the put option agreement and the liability as per the revised sanction letter mentioned above, has been reported under contingent liabilities in the financial statements [Refer note 36(A)(v)].

(ii) Further, certain lenders of LCL had invoked corporate guarantees of the Holding Company during earlier years. Accordingly, the liability of ₹ 232.20 crore has been recognised by the Holding Company. These liabilities carried an interest of 9.50% p.a. compounded quarterly with effect from 1 October 2018. As per the current resolution plan, remaining liability towards invocation of corporate guarantees shall be repaid between 30 June 2029 and 30 June 2031. Pending the implementation of the resolution plan, no adjustments have been given in the financial statements.

(iii) HCC Operations and Maintainence Limited ('HOML'), *a step down subsidiary, had signed a Debenture Sale Purchase (DSP) agreement on 29 September 2017* with certain debenture holders for purchase of debentures issued by Lavasa Corporation Limited (LCL), in the event of any default for an aggregate consideration of ₹ 138 crore plus Interest @ 10.27 % per annum.
Pursuant to default by LCL, HOML has assumed liability of LCL towards these debentures amounting to ₹ 239.32 crore as at 31 March 2022.

Note 20.2: Includes ₹ 178.56 crore (31 March 2021: ₹ 135.83 crore) and ₹ 204.62 crore (31 March 2021: ₹ 120.19 crore) in respect of non-current interest accrued but not due and current interest *accrued but not due respectively, towards financial liabilities of LCL assumed as mentioned in Note 20.1 above.*

Note 21 Provisions	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Non-current		
Provision for employee benefits		
- Gratuity	50.70	127.46
- Pension fund	6.62	6.55
- Compensated absences	12.09	13.14
Provision for warranty (Refer note 21.1)	54.64	42.16
Provision for major maintenance	67.93	-
Less: Transferred to liabilities of a disposal group held for sale (Refer note 17.3 and 24)	(67.93)	-
Total non-current provisions	124.05	189.31
Current		
Provision for employee benefits		
- Gratuity	6.74	8.08
- Pension fund	6.09	5.70
- Leave entitlement and compensated absences	3.14	4.96
Provision for warranty (Refer note 21.1)	126.19	106.10
Provision for foreseeable losses	324.94	128.07
Provision for major maintenance (Refer notes below)	47.94	-
Less: Transferred to liabilities of a disposal group held for sale	(47.94)	-
Total current provisions	467.10	252.91
Total provisions	591.15	442.22

Note 21.1 Detail of provision in respect of warranty is as stated below:

Particulars		
Opening provision as at the beginning of the year	148.26	155.98
Addition during the year	69.43	37.18
Utilized during the year	(36.86)	(44.90)
Closing provision as at the end of the year	180.83	148.26
Non current	54.64	42.16
Current	126.19	106.10
Total	180.83	148.26

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This provision represent estimates made towards estimated liability arising out of contractual obligations in respect of warranties.
After the handover of the building there is a warranty liability, which lasts between 2 and 10 years, depending on the building and its components. During construction the warranty provision is recorded based on past experience and, in general, remains unchanged during construction. Actual warranty costs are recorded against the warranty provision of projects in warranty phase (pool approach). As per closing date, future warranty costs are estimated and if needed the warranty provisions are increased or released. The subsequent major cash flows of remaining provisions will take place over next five years

Note 21.2 The Group has adequately recongized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

* Represents amount less than ₹ 1 lakh

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Note 22 Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	80.07	48.02
Less: Transferred to Liabilities of a disposal group held for sale	(0.07)	-
	80.00	48.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,026.27	2,999.40
Less: Transferred to Liabilities of disposal groups held for sale	(39.77)	-
	2,986.50	2,999.40
Total trade payables	3,066.50	3,047.42

Note 22.1 Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

Note 22.2 Trade payables and liabilities for capital goods (under other current financial liabilities) as at 31 March 2022 include ₹ 36.43 crore and ₹ 3.26 crore, respectively, to parties situated outside India. These balances are pending for settlement due to financial difficulties presently being faced by the Holding Company and have resulted in delay in remittance of payments beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The Company is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of delay. Pending conclusion of the aforesaid matters, the amount of penalty, if any, that may be levied, is not ascertainable but also not expected to be material to the consolidated financial statements, and accordingly, the consolidated financial statements do not include any adjustments that may arise due to such delay/ default.

Note 22.3 Trade payables ageing schedule (including transferred to Liabilities of disposal groups held for sale):

			Outstanding for following periods from due date of payment				
As at 31 March 2022	Not due	Unbilled	Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	-	-	70.77	2.22	4.61	2.47	80.07
(ii) Others	476.64	1,346.20	829.27	87.88	45.61	240.67	3,026.27
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	476.64	1,346.20	900.04	90.10	50.22	243.14	3,106.34

			Outstanding for following periods from due date of payment				
As at 31 March 2021	Not due	Unbilled	Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	-	-	30.44	9.03	2.47	6.07	48.02
(ii) Others	441.48	1,181.20	1,033.79	18.78	59.07	265.08	2,999.40
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	441.48	1,181.20	1,064.23	27.81	61.54	271.15	3,047.42

	As at 31 March 2022	As at 31 March 2021
Note 23 Other liabilities		
Current		
Revenue received in advance (Due to customers)	798.84	1,143.93
Advance from:		
- contractee	1,556.14	1,765.64
- National Highway Authorities of India (NHAI)	6.56	-
Statutory dues payable	38.25	50.01
Payable to NHAI	3.99	-
Other liabilities	51.79	69.31
	2,455.57	3,028.89
Less: Transferred to Liabilities of disposal groups held for sale (Refer note 17.3 and 24)	(10.65)	-
Total other current liabilities	2,444.92	3,028.89

	As at 31 March 2022	As at 31 March 2021
Note 24 Liabilities of disposal groups held for sale		
i) Liabilities of a disposal group held for sale (Refer note 17.2)		
a) Current borrowings	2,448.94	-
b) Other financial liabilities	470.80	-
c) Trade payables	22.30	-
	2,942.04	
ii) Liabilities of a disposal group held for sale (Refer note 17.3)		
a) Trade payables	17.54	-
b) Non-current borrowings	678.16	-
c) Other current financial liabilities	2.86	-
d) Provisions	115.86	-
e) Other current liabilities	10.65	-
	825.07	
Total Liabilities of disposal groups held for sale	3,767.11	-

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Note 25 Revenue from operations	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Sale of products and services:		
a) Construction revenue	10,204.82	7,954.80
b) Royalty income	2.95	-
c) Operation and maintenance fees	10.64	34.99
d) Sale of software products and licenses	2.73	7.63
	10,221.14	7,997.42
Other operating revenue:		
a) Interest on arbitration awards	424.54	227.68
b) Provision no longer required written back	24.05	23.32
	448.59	251.00
Total revenue from operations	10,669.73	8,248.42

Disclosure in accordance with Ind AS 115 Revenue from Contracts with Customers

(a) Disaggregated revenue information

Revenue disaggregation as per industry vertical has been included in segment information (Refer note 49)

(b) Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹ 20,867 crore (31 March 2021: ₹ 23,631 crore). Most of the Group's contracts have a life cycle of four to five years. Management expects that around 35% - 40% of the transaction price allocated to unsatisfied contracts as of 31 March 2022 will be recognised as revenue during next reporting period depending upon the progress on each contracts. The remaining amounts are expected to be recognised over the next three to four years. The amount disclosed above does not include variable consideration.

(c) Contract balances

(i) Movement in contract balances during the year:

₹ crore

Particulars	Contract assets (unbilled work-in-progress)	Contract liabilities (due to customer)	Net contract balance
Balance as at 1 April 2020	3,643.01	981.86	2,661.15
Net increase	183.11	162.07	21.04
Balance as at 31 March 2021	3,826.12	1,143.93	2,682.19
Net increase	262.31	(345.09)	607.40
Balance as at 31 March 2022^	4,088.43	798.84	3,289.59

^ includes ₹ 359.40 crore classified as assets of a disposal group held for sale (Refer note 16 and 17.2)

Note: Increase in contract assets is primarily due to lesser certification of progress bills as compared to revenue for the year in certain projects/ entities. Further, contract liability has increased due to lesser recognition of revenue as compared to progress bills raised during the year in certain projects/ entities.

(ii) Revenue recognised during the year from opening balance of contract liability amounts to ₹ 1,031.73 crore (31 March 2021: ₹ 923.44 crore)

(iii) Revenue recognised during the year from the performance obligation satisfied upto previous year amounts to ₹ 479.01 crore (31 March 2021: ₹ 4.63 crore)

(d) Out of the total revenue recognised during the year, ₹ 10,632.09 crore (31 March 2021: ₹ 8,190.11 crore) is recognised over a period of time and ₹ 37.64 crore (31 March 2021: ₹ 58.31 crore) is recognised at a point in time.

(e) There are no reconciliation items between revenue from contracts with customers and revenue recognised with contract price.

(f) Cost to obtain or fulfill the contract:

i. Amount of amortisation recognised in Statement of Profit and Loss during the year : Nil

ii. Amount recognised as contract assets as at 31 March 2022 : Nil

Note 26 Other income	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
a) Interest income:	61.27	27.10
b) Dividend from non-current investments	1.14	1.05
c) Other non-operating income:		
- Rental income	0.54	0.54
- Profit on disposal of property, plant and equipment (net)	2.36	12.93
- Exchange gain (net)	3.92	-
- Fees for sale of projects	63.35	37.58
- Miscellaneous	19.55	7.37
	89.72	58.42
Total other income	152.13	86.57

Note 27 Cost of construction materials consumed		
Inventory at beginning of the year	182.15	187.52
Add: Purchases	876.91	537.01
	1,059.06	724.53
Less: Sale of scrap and unserviceable material	(23.95)	(16.81)
	1,035.11	707.72
Less: Inventory at the end of the year	(170.05)	(182.15)
Total cost of construction materials consumed	865.06	525.57

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	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Note 28 Changes in inventories		
Opening inventory	291.55	275.04
Less: Closing inventory	(308.69)	(291.55)
Total changes in inventories	(17.14)	(16.51)
Note 29 Construction expenses		
a) Power, fuel and water	137.83	129.47
b) Insurance	20.87	29.43
c) Rent (Refer note 42)	98.43	65.23
d) Transportation	27.45	18.33
e) Others	21.46	18.30
Total construction expenses	306.04	260.76
Note 30 Employee benefits expense		
a) Salaries and wages	797.68	817.15
b) Contribution to provident and other funds	67.63	70.44
c) Staff welfare	66.23	67.26
Total employee benefits expense	931.54	954.85

Note 30.1 The Holding Company has accrued/ paid managerial remuneration to Chairman and Managing Director ('CMD') and Whole Time Director ('WTD') for the period 1 April 2019 to 31 March 2022 in excess of the limits prescribed under sec 197 of the Act as follows:

₹ crore

Financial Year	Designation	Remuneration accrued	Remuneration Paid	Remuneration as per prescribed limit	Excess remuneration accrued/ paid	Excess remuneration paid held in trust
		(a)	(b)	(C)	(d = a - c)	(e = b - c)
2019-20	CMD & Whole Time Director	13.57	3.75	-	13.57	3.75
2020-21		13.50	1.44	-	13.50	1.44
2021-22		14.00	1.80	-	14.00	1.80
Total		41.07	6.99	-	41.07	6.99

While the approval for payment of the aforementioned managerial remuneration has been obtained from the shareholders, the requisite prior approval from lenders are yet to be obtained, which the Holding Company expects to obtain along side implementation of the resolution plan.

		Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Note 31 Finance costs			
Interest expense on:			
- debentures		289.49	309.56
- term loan and cash credit		396.70	370.55
- financial liabilities of an erstwhile subsidiary assumed		127.08	112.18
- lease liabilities (Refer note 42)		3.41	3.41
- others		146.38	158.32
Other borrowing costs			
- guarantee commission		62.37	39.15
- other finance charges		5.04	7.89
Total finance costs		1,030.47	1,001.06
Note 32 Depreciation and amortisation expense (Refer notes 3A, 3B, 4 and 5)			
a) Depreciation of tangible assets		99.93	99.10
b) Depreciation on right-of-use assets		30.32	31.40
c) Depreciation of investment properties		0.03	0.03
d) Amortisation of intangible assets		8.06	4.97
Total depreciation and amortisation expense		138.34	135.51
Note 33 Other expenses			
a) Stationery, postage, telephone and advertisement		4.67	4.36
b) Travelling and conveyance		8.15	5.63
c) Rates and taxes		24.12	75.20
d) Professional fees		37.27	48.42
e) Repairs and maintenance - building		4.02	3.60
f) Repairs and maintenance - others		11.12	17.45
g) Directors' sitting fees		0.77	0.86
h) Auditors' remuneration:			
i) Audit fees	4.12		4.02
ii) Tax audit fees	0.20		0.20
iii) Limited review fees	1.00		1.00
iv) Certification fees	0.54		0.86
v) Reimbursement of out of pocket expenses	0.02		0.02
		5.88	6.10
i) General office expenses		25.05	12.38
j) Operation and maintenance		121.70	74.47
k) Selling and distribution expenses		5.66	5.34
l) Exchange loss (net)		-	9.28
m) Computer maintenance and development		7.42	6.98
n) Miscellaneous expenses		22.99	27.57
Total other expenses		278.82	297.64

Note 34 Exceptional items	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
a) Loss on settlement with a customer (net)	-	(274.03)
b) Gain on one-time settlement of debt [Refer note 34.1 below]	106.10	-
Total exceptional items - Gain / (loss)	**106.10**	(274.03)

Note 34.1 Gain on one-time settlement of debt

Pursuant to an one time settlement between HICL along with its subsidiaries namely HCC Power Limited, HCC Operations and Maintenance Limited and Dhule Palesar Operation and Maintenance Limited with its lenders, the total outstanding debt (including interest thereon) aggregating ₹ 371.10 crore was settled for ₹ 265 crore. The settlement amount has been fully repaid during the year and the resultant gain of ₹ 106.10 crore has been recognised and presented as an exceptional item.

Note 35 Earnings/ (loss) per share (EPS)		Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Basic and diluted EPS			
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	419.65	(610.02)
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	1,51,29,76,244
C. EPS - Basic and Diluted	(₹)	2.77	(4.03)
Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders	(₹ crore)	(20.09)	-
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	-
C. EPS - Basic and Diluted	(₹)	(0.13)	-
Earnings/ (Loss) per share (Face value of ` 1 each) - for total operations			
A. Profit / (loss) computation for basic earnings per share of ₹ 1 each			
B. Weighted average number of equity shares for EPS computation	(Nos)	1,51,29,76,244	1,51,29,76,244
C. EPS - Basic and Diluted	(₹)	2.64	(4.03)

Equity shares to be issued to certain lenders pursuant to implementation of S4A Scheme and to lenders pursuant to Right to Recompense do not presently qualify as potential equity shares and hence have not been considered in the determination of diluted earnings per share.

Note 36 Contingent liabilities and commitments

A. Contingent liabilities	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
(i) Claims not acknowledged as debts by the Group	181.32	202.41
(ii) Income tax liability that may arise in respect of which the Group is in appeals	132.01	100.90
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	205.53	215.85
(iv) Put option given to lenders of Lavasa Corporation Limited to sell debentures to the Holding Company in the event of default (including interest and penal charges thereon) (Refer note 20.1)	976.60	672.09
(v) Counter indemnities given to banks in respect of contracts executed	1,207.45	1,204.09
(vi) Other	0.99	-

Note : It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities except in respect of matters stated in (iv) and (vi) above. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

B. Commitments

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
(i) Capital Commitment (net of advances)	294.08	38.48
(ii) Corporate guarantees (Refer note 37)	6,069.65	5,764.70
(iii) Other Commitments	1.25	-

Note 37 : HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 31 March 2022 stands at ₹ 6,069.65 crore.
LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debts due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial statements as at and for the year ended 31 March 2022, as impact, if any, is currently unascertainable.

Note 38 : Unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and current trade receivables includes ₹ 909.12 crore (31 March 2021: ₹ 833.67 crore), ₹ 223.43 crore (31 March 2021: Nil) and ₹ 277.03 crore (31 March 2021: ₹ 295.33 crore), respectively, outstanding as at 31 March 2022 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. Further, non-current trade receivables, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 31 March 2022 includes receivables of ₹ 187.59 crore (31 Match 2021: Nil), ₹ 487.14 crore (31 March 2021: ₹ 2,748.55 crore) and ₹ 2,283.06 crore (31 March 2021: Nil) [net of advances of ₹ 3,238.33 crore (31 March 2021: ₹ 2,738.80 crore)], respectively, representing claims awarded in arbitration, including interest thereon, in favour of the Company which have been challenged by the customers in higher courts. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.

Note 39 : Short term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), as at 31 March 2022 includes ₹ 52.95 crore and ₹ 50.25 crore, respectively in respect of which, in the absence of confirmation from the lenders/ bankers, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders/ bankers at the interest rate specified in the agreements. RDHL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

Note 40 : The Notification under Section 3C(1) under the Maharashtra Slum Area (Improvement & Redevelopment) Act, 1971 declaring the land parcel at Vikhroli (East) held by the Panchkutir Developers Limited ('PDL'), a subsidiary of Holding Company, as "Slum Rehabilitation Area" has been challenged by some persons and appeals preferred are pending in the Bombay High Court. Similarly, a suit filed in the High Court by some persons for declaration that they are Lessees of the said property is also pending. Suit filed by PDL for vacant and peaceful possession of part of the said land is in the Small Causes Court, Mumbai. On 12 December 2021, Small Causes Court passed ex-parte Decree & Judgement in PDL's favour. The opposite party has filed application to set aside the order of Decree and Judgement.

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Note 41 Interest in other entities

a) Joint operations (unincorporated entities)

The Group's share of interest in joint operations is set out below:

Name of the entity	% of ownership interest held by the Group		Name of the ventures' partner	Principal place of business	Principal activities
	31 March 2022	31 March 2021			
HCC - L&T Purulia Joint Venture	**57.00**	57.00	Larsen and Toubro Limited	India	Construction
Nathpa Jhakri Joint venture	**40.00**	40.00	Impregilio-Spa, Italy	India	Construction
Kumagai - Skanska - HCC - Itochu Joint Venture	**19.60**	19.60	Skanska, Kumagai	India	Construction
Alpine - Samsung-HCC Joint Venture	**33.00**	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	India	Construction
Alpine - HCC Joint Venture	**49.00**	49.00	Alpine Meyreder Bau	India	Construction
HCC - Samsung Joint Venture CC-34	**50.00**	50.00	Samsung C&T Corporation	India	Construction
HCC - HDC Joint Venture	**55.00**	55.00	Hyundai Development Company	India	Construction
HCC - VCCL Joint Venture	**50.00**	50.00	Vensar Constructions Co Ltd	India	Construction
ARGE Prime tower	-	45.00	Losinger Construction AG	Switzerland	Construction

i) Classification of joint arrangements

The joint venture agreements in relation to the above mentioned joint operations require unanimous consent from all the parties for all relevant activities. All co-venturers have direct rights to the assets of the joint venture and are also jointly and severally liable for the liabilities incurred by the joint venture. These joint ventures are therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenue and expenses. In respect of these contracts (assessed as AOP under the Income tax laws), the services rendered to the joint ventures are accounted as income on accrual basis.

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
ii) Summarised balance sheet		
Total assets	**159.54**	171.03
Total liabilities	**214.17**	230.33
ii) Contingent liability as at reporting date		
Contingent liability	**13.28**	13.28
Capital and other commitment	-	-

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
v) Summarised statement of profit and loss account		
Revenue from operations	**192.37**	227.38
Other income	**2.77**	1.08
Total expenses (including taxes)	**197.28**	215.30

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Hindustan Construction Company Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

Note 42 Leases - Ind AS 116

1. Impact on transition to Ind AS 116

The Group has made use of the following practical expedients available in its transition to Ind AS 116.

(a) The Group will not reassess whether a contract is or contains a lease. Accordingly, the definition of lease in accordance with Ind AS 17 will continue to be applied to lease contracts entered by the Group or modified by the Group before 1 April 2019.

(b) The Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment. Consequently, the Group has recorded its lease liability using the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right-of- use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of initial application.

(c) The Group excluded the initial direct costs from measurement of the Right-of-use (RoU) asset at the date of initial application.

The weighted average incremental borrowing rate applied to lease liabilities by the Group is in the range of 1.3% to 12.50%.

Right-of-use assets:

The net carrying value of right-of-use assets as at 31 March 2022 amounts to ₹ 217.61 crore (31 March 2021 amounts to ₹ 245.77 crore) have been disclosed on the face of the balance sheet.

Lease liabilities:

(i) As at 31 March 2022, the obligations under leases amounts to ₹ 226.82 crore (31 March 2021 amounts to ₹ 243.68 crore), which have been classified to lease liabilities on the face of balance sheet.

(ii) The following is the movement in lease liabilities:

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Balance at the beginning of the yea	**243.68**	278.40
Additions during the year	**2.16**	1.99
Finance cost accrued during the year	**3.41**	3.41
Payment of lease liabilities	**(19.01)**	(34.72)
Translation difference	**(3.42)**	(5.40)
Balance at the end of the year	**226.82**	243.68

(iii) The table below provides details regarding the contractual maturities (undiscounted) of lease liabilities:

(₹ in crore)

Lease Liabilities	Carrying amount	Contractual cash flows			
		Total	0-1 year	1-5 years	5 years and above
31 March 2022	226.82	268.41	28.73	239.68	-
31 March 2021	243.68	288.36	30.87	257.49	-

2. During the year ended 31 March 2022, the Group recognised the following in the Statement of Profit and Loss:

(i) Depreciation expense from right-of-use assets of ₹ 30.32 crore (31 March 2021 ₹ 31.40 crore) (Refer note 32)

(ii) Finance cost on lease liabilities of ₹ 3.41 crore (31 March 2021 ₹ 3.41 crore) (Refer note 33)

(iii) Rent expense amounting to Nil (31 March 2021 Nil) and ₹ 98.43 crore (31 March 2021 ₹ 65.23 crore) pertaining to leases of low-value assets and leases with less than twelve months of lease term, respectively, have been included under rent expense (Refer note 29).

3. Cash outflow in respect of lease liabilities for the year ended 31 March 2022 amounts to ₹ 19.01 crore (31 March 2021: ₹ 34.72 crore).

Note 43 Disclosure in accordance with Ind AS 24 Related Party Disclosures

A. Names of related parties and nature of relationship

		Country of incorporation	Group's holding as at (%)	
			31 March 2022	31 March 2021
a)	**Joint venture**			
	HCC Concession Limited (upto 19 August 2021)	India	- #	85.45
	Narmada Bridge Tollways Limited (upto 19 August 2021)	India	- #	85.45
	Badarpur Faridabad Tollways Limited (upto 19 August 2021)	India	- #	85.45
	Baharampore-Farakka Highways Limited (upto 19 August 2021)	India	- #	85.45
	Farakka-Raiganj Highways Limited (upto 22 September 2022)	India	-	-
	Raiganj-Dalkhola Highways Limited (upto 19 August 2021)	India	- #	86.91
	Werkarena Basel AG (w.e.f 19 September 2019)	Switzerland	50.00	50.00
b)	**Associates**			
	Evostate AG	Switzerland	30.00	30.00
	Evostate Immobilien AG (Subsidiary of Evostate AG)	Switzerland	30.00	30.00
	MCR Managing Corp. Real Estate	Switzerland	30.00	30.00
	Projektentwicklungsges. Parking Kunstmuseum AG **	Switzerland	-	38.64
	Highbar Technocrat Limited	India	49.00	49.00

	Other related parties	**Relationship**
c)	Gulabchand Foundation (formed under section 25 of the erstwhile Companies Act, 1956)	Other related party
	Hincon Holdings Limited	Other related party
	Hincon Finance Limited	Other related party
	Shalaka Investment Private Limited	Other related party
	Aarya Capital Management Private Limited	Other related party
	HCC Employee's Provident Fund	Post-employment contribution plan
	Stiftung der Steniner AG (Steiner pension foundation)	Post-employment benefit plan

d) Key Management Personnel and relative of Key Management Personnel

Mr. Ajit Gulabchand	Chairman and Managing Director
Mr. Arjun Dhawan	Group Chief Executive Officer and Whole Time Director (upto 22 March 2022) and Vice Chairman and Whole Time Director (w.e.f. 23 March 2022)
Mr. Mukul Sarkar	Nominee Director
Mr. N. R. Acharyulu	Independent Director
Dr. Mita Dixit	Independent Director
Mr. Anil C. Singhvi	Independent Director (upto 23 December 2021)
Mr. Arun Karambelkar	Non-Executive, Non-Independent Director (w.e.f 23 June 2021)
Mr. Mahendra Singh Mehta	Independent Director
Mr. Santosh Janakiram Iyer	Independent Director
Mr. Vithal P. Kulkarni	Company Secretary (upto 12 May 2022)
Mr. Nitesh Jha	Company Secretary (w.e.f 12 May 2022)
Mr. Rahul Rao	Chief Financial Officer (w.e.f August 12, 2021)
Mr. U.V. Phani Kumar	Chief Executive Officer - E&C (upto 23 March 2022)
Mr. Jaspreet Bhullar	Chief Executive Officer (w.e.f March 23, 2022)

Pursuant to initiation of the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 ('IBC') against Lavasa Corporation Limited (LCL), effective 30 August 2018, the Holding Company has lost control / significant influence over LCL and its subsidiaries, associates and joint ventures. Accordingly, the above entities cease to be subsidiaries, associates and joint ventures of the Holding Company effective 30 August 2018

Refer note 6.2
** Liquidated from December 2021

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Note 43 Disclosure in accordance with Ind AS 24 Related Party Disclosures

B. Nature of Transactions

Transactions with related parties:	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Revenue from operations		
Joint ventures		
- Baharampore Farakka Highways Limited (upto 19 August 2021)	13.28	21.61
- Farakka Raiganj Highways Limited (upto 22 September 2021)	-	13.30
- Werkarena Basel AG	172.66	137.20
	185.94	172.11
Interest expenses on Inter corporate deposit		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	1.43	1.40
	1.43	-
Finance income on corporate guarantees		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	0.69	1.92
	0.69	1.92
Rendering of services		
Joint ventures		
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	0.06
- Farakka Raiganj Highways Limited (upto 22 September 2021)	-	0.03
Associate		
- Highbar Technocrat Limited	0.22	0.56
	0.22	0.65
Reimbursement of expenses		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	0.14	0.75
Associates		
- Highbar Technocrat Limited	0.77	0.45
- Other related parties		
Other related parties		
- Hincon Finance Limited	0.26	0.52
	1.17	1.72
Professional fees		
Associates		
- Highbar Technocrat Limited	3.83	11.89
	3.83	11.89
Other services received		
Other related party		
- Hincon Holding Limited	0.24	0.48
	0.24	0.48

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Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended 31 March 2022

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Inter corporate deposit taken		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	34.36
	-	34.36
Inter corporate deposits given during the year		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	0.52
Associate		
- Evostate AG	2.69	19.91
	2.69	20.43
Inter corporate deposit given by Group, repaid during the year		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	3.60
- Werkarena Basel AG	-	4.78
	-	8.37
Inter corporate deposits repaid		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	10.28
	-	10.28
Remuneration paid / accrued		
Key management personnel		
- Mr. Ajit Gulabchand	7.00	7.00
- Mr. Arjun Dhawan	7.00	6.50
- Mr. Vithal P. Kulkarni	1.16	0.80
- Mr. U. V. Phani Kumar	3.04	2.64
- Mr. Rahul Rao	0.73	-
- Mr. Jaspreet Bhullar	0.31	-
- Mr. Shailesh Sawa	-	0.41
- Mr. Anil Chandani	-	0.36
	19.24	17.71
Directors' sitting fees paid / accrued		
Key management personnel		
- Mr. Sharad M. Kulkarni	-	0.11
- Mr. Anil C. Singhvi	0.10	0.16
- Mr. N. R. Acharyulu	0.16	0.19
- Mr. Samuel Joseph	0.04	-
- Mr. Santosh Jankiram Iyer	0.11	0.11
- Mr. Mahendra Singh Mehta	0.18	0.16
- Mr. Mukul Sarkar	0.05	0.06
- Dr. Mita Dixit	0.11	0.07
	0.75	0.86

Outstanding balances:	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Outstanding receivables		
Trade receivables		
Joint ventures		
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	3.51
- Badarpur Faridabad Tollways Limited (upto 19 August 2021)	-	0.62
- Werkarena Basel AG	16.95	-
Associate		
- Highbar Technocrat Limited	0.35	0.51
	17.30	4.64
Unbilled work-in-progress		
Joint ventures		
- Raiganj Dalkhola Highways Limited (upto 19 August 2021)	-	42.30
	-	42.30
Interest receivable		
Joint venture		
- HCC Concessions Limited (upto 19 August 2021)	-	0.78
	-	0.78

Other receivables		
Joint ventures		
- Badarpur Faridabad Tollways Limited (upto 19 August 2021)	-	0.42
- HCC Concessions Limited (upto 19 August 2021)	-	1.64
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	0.00
- Raiganj Dalkhola Highways Limited (upto 19 August 2021)	-	0.00
Other related parties		
- Hincon Finance Limited	-	1.00
- Hincon Holdings Limited	0.01	0.03
	0.01	3.09
Inter corporate deposits		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	16.12
- Werkarena Basel AG	34.71	31.37
Associate		
- Evostate AG	22.61	19.95
	57.32	67.44

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Outstanding payables		
Advance taken towards sale of investment		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	3.00
	-	3.00
Inter corporate deposits taken		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	24.07
	-	24.07
Other payables		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	0.00
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	58.55
- Raiganj Dalkhola Highways Limited (upto 19 August 2021)	-	89.98
Associates		
- Highbar Technocrat Limited	1.90	1.82
Other related parties		
- Hincon Holdings Limited	0.01	0.00
	1.91	150.35
Retention payable		
Associates		
- Highbar Technocrat Limited	0.72	0.72
	0.72	0.72

Due to customers		
Joint ventures		
- Baharampore Farakka Highways Limited (upto 19 August 2021)	-	61.49
	-	61.49
Interest payable on inter corporate deposits		
Joint ventures		
- HCC Concessions Limited (upto 19 August 2021)	-	1.29
	-	1.29
Remuneration payable (net)		
Key management personnel		
- Mr. Ajit Gulabchand	17.39	11.52
- Mr. Arjun Dhawan	16.77	10.51
- Mr. Rahul Rao	0.10	-
- Mr. Jaspreet Bhullar	0.32	-
- Mr. U. V. Phani Kumar	0.15	0.21
- Mr. Vithal P. Kulkarni	0.08	0.07
	34.81	22.31
Directors' sitting fees payable		
Key management personnel		
- Mr. N. R. Acharyulu	-	0.01
	-	0.01

* represents amount less than ₹ 1 lakh.

Notes:

(i) The above figure does not include provisional gratuity liability valued by an actuary, as separate figures are not available.

(ii) Refer Note 19 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Holding Company or the related parties.

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Note 44 Financial instruments

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

(a) Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments

(b) Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

A Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2022 are as follows:

₹ crore

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value
Assets:					
Investments:					
Investments in equity shares (unquoted)	6, 6A	-	-	16.07	16.07
Investments in equity shares (quoted)	6A	-	-	6.37	6.37
Investments in debentures	6A	-	15.46	-	15.46
Investment in mutual funds (unquoted)	13	-	0.66	-	0.66
Trade receivables	7	4,613.04	-	-	4,613.04
Loans	8	57.32	-	-	57.32
Other financial assets	9	326.90	-	-	326.90
Cash and cash equivalents	14	720.97	-	-	720.97
Bank balances other than cash and cash equivalents	15	821.42	-	-	821.42
Liabilities:					
Borrowings (including current maturities of long-term debts)	19	4,918.38	-	-	4,918.38
Trade payables	22	3,106.34	-	-	3,106.34
Lease liabilities		226.82	-	-	226.82
Other financial liabilities	20	3,435.86	-	-	3,435.86

The carrying value and fair value of financial instruments by categories as at 31 March 2021 were as follows:

₹ crore

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value
Assets:					
Investments:					
Investments in equity shares (unquoted)	6, 6A	-	-	8.70	8.70
Investments in equity shares (quoted)	6, 6A	-	-	6.41	6.41
Investment in mutual funds (unquoted)	13	-	0.15	-	0.15
Trade receivables	7	4,501.79	-	-	4,501.79
Loans	8	67.44	-	-	67.44
Others financial assets	9	128.80	-	-	128.80
Cash and cash equivalents	14	642.13	-	-	642.13
Other bank balances	15	619.49	-	-	619.49
Liabilities:					
Borrowings (including current maturities of long-term debts)	19	4,533.21	-	-	4,533.21
Trade payables	22	3,047.42	-	-	3,047.42
Lease liabilities		243.68	-	-	243.68
Other financial liabilities	20	2,802.28	-	-	2,802.28

B Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

₹ crore

Particulars	31 March 2022			31 March 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments in equity shares (quoted)	6.37	-	-	6.41	-	-
Investments in equity shares (unquoted)	-	15.29	0.78	-	7.98	0.72
Investments in debentures (unquoted)	-	15.46	-	-	-	-
Investment in mutual funds (unquoted)	-	0.66	-	-	0.15	-

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Note 45 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

i Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

a Interest rate risk

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit/ (loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Increase in basis points	100 basis points	
Reduction in profit/ increase in loss	21.81	17.57
Decrease in basis points	100 basis points	
Increase in profit/ reduction of loss	(21.81)	(17.57)

b Foreign currency risk

The Group has several balances in foreign currency and consequently the Group is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The following table analyses foreign currency risk from financial instruments as at 31 March 2022

₹ in crore

Particulars	**USD**	**EUR**	**SEK**	**CHF**	**SGD**	**CAD**
Assets						
Advance to suppliers	0.75	6.62	0.40	-	-	1.20
Trade receivables	0.25	15.71	-	324.99	-	-
Bank balances (including deposit accounts)	0.30	0.08	-	972.76	-	-
Other financial assets	-	-	-	49.03	-	-
Unbilled work-in-progress (contract assets)	-	9.10	-	1,337.21	-	-
	1.30	31.51	0.40	2,683.99	-	1.20
Liabilities						
Borrowings	340.26	-	-	151.70	-	-
Advance from contractee	-	52.60	-	-	-	-
Trade payables	20.74	19.51	0.08	1,244.35	0.14	-
Interest accrued	41.74	-	-	-	-	-
	402.74	72.11	0.08	1,396.05	0.14	-
Net assets / (liabilities)	**(401.44)**	**(40.60)**	**0.32**	**1,287.94**	**(0.14)**	**1.20**

The following table analyses foreign currency risk from financial instruments as at 31 March 2021.

₹ in crore

Particulars	**USD**	**EUR**	**SEK**	**CHF**	**AUD**
Assets					
Advance to suppliers	0.73	10.23	0.91	-	-
Trade receivables	0.73	15.35	-	96.05	-
Bank balances (including deposit accounts)	0.67	0.14	-	934.86	-
Unbilled work-in-progress (contract assets)	-	12.79	-	1,556.71	-
	2.13	38.51	0.91	2,587.62	-
Liabilities					
Borrowings	328.88	-	-	38.65	-
Advance from contractee	0.74	54.17	-	-	-
Trade payables	18.64	24.46	0.26	1,335.10	0.26
Interest accrued	31.07	-	-	-	-
	379.33	78.63	0.26	1,373.75	0.26
Net assets / (liabilities)	**(377.20)**	**(40.12)**	**0.65**	**1,213.87**	**(0.26)**

Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31 March, 2021 : 5%) would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Favourable movement	50 basis points	
Increase	42.36	39.85
Unfavourable movement	50 basis points	
Decrease	(42.36)	(39.85)

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c Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

As at 31 March 2022, the exposure to listed equity securities including mutual fund at fair value was ₹ 6.37 crore (31 March 2021: ₹ 6.40 crore). A movement (decrease / increase) of 10% in the value of listed securities could have an impact of approximately ₹ 0.64 crore on the Other Comprehensive Income or equity attributable to owners of parent. These changes would not have a material effect on the profit or loss of the Group

ii Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. The maximum exposure of the financial assets are contributed by trade receivables and bank balances other than cash and cash equivalents

a Trade receivable

Trade receivables are typically unsecured and are derived from revenue earned from two main classes of trade receivables i.e. receivables from government promoted agencies and receivables from private parties. A substantial portion of the Group's trade receivables are from government promoted agencies having strong credit worthiness where the Holding Company does not have a history of credit losses, except during the previous year where the Holding Company entered into one-time settlements with a customer in order to realise monies urgently to tie up its cashflow deficit for its operations which was exceptional in nature and not expected to be recurring in nature. Further, even with respect to private parties, given the credit profile of the customers, there are no history of material credit losses. Accordingly, expected credit loss from trade receivables, if any, are not expected to be material

	As at 31 March 2022		As at 31 March 2021	
	₹ crore	%	₹ crore	%
Trade receivable				
- from government / government promoted agencies	3,841.69	83.28	3,903.23	86.70
- from private parties	771.35	16.72	598.56	13.30
Total trade receivables ^	4,613.04	100.00	4,501.79	100.00

^ includes balances classified assets of a disposal group held for sale and liabilities of a disposal group held for sale

b Financial assets other than trade receivables

Financial assets other than trade receivables comprise of cash and cash equivalents, bank balances other than cash and cash equivalents, loan to employees and other financial assets. The Group monitors the credit exposure on these financial assets on a case-to-case basis. Based on the Group's historical experience, the credit risk on other financial assets is also low.

The Group is engaged in business segments viz. Engineering and Construction, Infrastructure, Real Estate and Others.

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Revenue from external customers:		
India	4,722.20	2,633.28
Outside India	5,947.53	5,615.14
Total revenue from operations	10,669.73	8,248.42

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Revenue from top customer	803.10	288.07
Revenue from top five customers	2,399.95	1,327.14

For the year ended 31 March 2022, Nil (31 March 2021: Nil) customer, individually, accounted for more than 10% of the revenue from operation.

c Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings

iii Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	Less than 1 year #	1 - 5 years	More than 5 years	₹ crore Total
As at 31 March 2022				
Borrowings (including current maturities of long-term debts and interest accrued)	3,876.02	1,992.38	53.55	5,921.95
Trade payables	2,734.59	331.91	-	3,066.50
Other financial liabilities	830.44	718.46	-	1,548.89
Total	7,441.05	3,042.75	53.55	10,537.34
As at 31 March 2021				
Borrowings (including current maturities of long-term debts and interest accrued)	3,674.99	1,983.19	369.25	6,027.43
Trade payables	2,749.43	298.12	-	3,047.55
Other financial liabilities	788.63	821.49	-	1,610.12
Total	7,213.05	3,102.80	369.25	10,685.10

includes loan repayable on demand

Note 46 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the owners holders of the parent. The Group strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt (excluding interest accrued) divided by total capital.

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Total debt (₹ crore)	4,240.22	4,533.21
Total equity (₹ crore)	(784.64)	(1,317.59)
Total debt to equity ratio (Gearing ratio)	(5.40)	(3.44)

^ includes ₹ 2,448.94 crore representing balance classified under Liabilities of a disposal group held for sale (Refer note 24).

In the long run, the Group's strategy is to maintain a gearing ratio closer to 1.50.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

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Note 47 Interest in Other Entities

47.1 Subsidiaries

The Group's subsidiaries as at 31 March 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		31 March 2022	31 March 2021	31 March 2022	31 March 2021	
Steiner AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner (Deutschland) GmbH	Germany	100.00	100.00	-	-	Engineering and construction
VM + ST AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Leman SAS	France	100.00	100.00	-	-	Engineering and construction
Steiner India Limited	India	100.00	100.00	-	-	Engineering and construction
Manufakt8048 AG	Switzerland	100.00	100.00	-	-	Engineering and construction
HCC Construction Limited	India	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Infrastructure Company Limited	India	100.00	100.00	-	-	Infrastructure - Toll Management
HCC Concessions Limited	India	100.00 #	-	-	-	Infrastructure - Concessionaries services
Baharampore-Farakka Highways Limited	India	100.00 #	-	-	-	Infrastructure - Toll Management
Narmada Bridge Tollway Ltd	India	100.00 #	-	-	-	Infrastructure - Toll Management
Raiganj-Dalkhola Highways Limited	India	100.00 #	-	-	-	Infrastructure - Toll Management
Badarpur Faridabad Tollway Ltd	India	100.00 #	-	-	-	Infrastructure - Toll Management
HCC Operation and Maintenance Limited	India	100.00	100.00	-	-	Infrastructure - Operation and Maintenance of Road
Dhule Palesner Operations & Maintenance Limited	India	100.00	100.00	-	-	Infrastructure - Operation and Maintenance of Road
HCC Power Limited	India	100.00	100.00	-	-	Infrastructure - Power Development
HCC Energy Limited	India	100.00	100.00	-	-	Infrastructure - Power Development
HREL Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
Panchkutir Developers Limited	India	100.00	100.00	-	-	Real Estate Development
HRL (Thane) Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
HRL Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Nashik Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Maan Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Powai Real Estate Developer Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Realty Limited	India	100.00	100.00	-	-	Real Estate Development
Western Securities Limited	India	97.87	97.87	2.13	2.13	Others - Insurance auxiliary services
Highbar Technologies Limited	India	100.00	100.00	-	-	Others - Information Technology
HCC Aviation Limited	India	100.00	100.00	-	-	Others - Aircraft services
Prolific Resolution Private Limited (w.e.f 8 March 2021)	India	100.00	100.00	-	-	Others - Services of recovering, assessing Managing claim, awards etc

^ including through subsidiary companies

47.1(i) Pursuant to initiation of the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 ('IBC') against Lavasa Corporation Limited (LCL), effective 30 August 2018, the Holding Company has lost control / significant influence over LCL and its subsidiaries, associates and joint ventures. Accordingly, the above entities cease to be subsidiaries, associates and joint ventures of the Holding Company effective 30 August 2018.

Refer note 6.2

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47.2 Non-controlling interest (NCI)

The following table summarises the information relating to each of the subsidiaries that has NCI. The amounts disclosed for each subsidiary are before intra-group eliminations

₹ crore

Particulars	Western Securities Limited	
	31 March 2022	31 March 2021
NCI percentage	**2.13%**	**2.13%**
Summarised balance sheet		
Current assets (A)	0.56	1.29
Non-current assets (B)	2.48	1.89
Current liabilities (C)	0.69	0.55
Non-current liabilities (D)	0.15	0.59
Net assets (A+B-C-D)	**2.20**	**2.04**
Net assets attributable to NCI	0.05	0.04
Summarised statement of profit and loss		
Revenue from operations	0.15	0.31
Profit/(loss) for the year	**0.12**	**0.38**
Other comprehensive income/(loss)	0.03	0.02
Total comprehensive income	**0.15**	**0.40**
Profit/(loss) allocated to NCI	0.00 *	0.01
OCI allocated to NCI	0.00 *	0.00 *
Total comprehensive income allocated to NCI	**0.00** *	**0.01**
Summarised cash flows		
Cash flow from operating activities	(0.15)	(0.10)
Cash flow from investing activities	(0.61)	(0.56)
Cash flow from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	**(0.76)**	**(0.66)**

* Represents amount less than ₹ 1 lakh

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47.3 Interest in associates and joint ventures

₹ crore

	Note	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021
Interest in associates	See (A) below	20.47	17.05
Interest in joint ventures	See (B) below	0.00 *	385.86
		20.47	402.91

(A) Interest in associates

The Group's associates as at 31 March 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

₹ crore

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at ^ 31 March 2022	31 March 2021	Principal activities
Evostate AG	Switzerland	30.00	3.66	2.42	Real estate development
MCR Managing Corporate Real Estate AG	Switzerland	30.00	0.84	1.29	Real estate development
Highbar Technocrat Limited	India	49.00	15.97	13.34	IT services
			20.47	17.05	
Less: Impairment allowance			-	-	
Total			20.47	17.05	

^ Unlisted entity - no quoted price available

Refer note 47.4 for the summarised financial information of associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil.

(B) Interest in joint ventures

The Group's joint ventures as at 31 March 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

₹ crore

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at ^ 31 March 2022	31 March 2021	Principal activities
HCC Concessions Limited	India	100.00 ^^	- ^^	385.86	Concessionaries services
Baharampore-Farakka Highways Limited	India	100.00 ^^	- ^^	0.00 *	Toll management
Farakka-Raiganj Highways Limited	India	100.00 ^^	- #	- #	Toll management
Raiganj-Dalkhola Highways Limited	India	100.00 ^^	- ^^	-	Toll management
Werkarena Basel AG	Switzerland	50.00	0.00 *	0.00 *	Real Estate Development
			0.00	385.86	

* Represents amount less than ₹ 1 lakh.
^ Unlisted entity - no quoted price available
^^ Ceases to be joint venture effective 19 August 2021.
# Ceases to be joint venture effective 22 September 2020.

Refer Note 47.5 for the table below provide summarised financial information of joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant joint ventures and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in joint ventures is as below:

₹ crore

	As at 31 March 2022	As at 31 March 2021
Contingent liability		
Claims not acknowledged as debts by the Joint ventures	- #	526.41
Income Tax liability in appeals	- #	6.85
Sales Tax Liability in appeals	- #	10.44
Corporate guarantees given to banks	- #	437.28
Counter indemnities given to banks in respect of contracts executed by subsidiaries of the Joint ventures*	- #	64.09
The Joint ventures have not made provision for cumulative dividend payable excluding dividend distribution tax, towards 0.001% cumulative convertible preference shares, in absence of distributable profits.	- #	0.03

* Pledge of unencumbered equity shares of the BFHL held by HCC Infrastructure Company Limited (to the extent of proportionate amount of bank guarantee furnished)

Provident Fund

Based on the judgement by the Honorable Supreme Court dated 28 February 2019, past provident fund liability, is not determinable at present, in view of uncertainty on the applicability of the judgement to the Joint ventures with respect to timing and the components of its compensation structure. In absence of further clarification, the Joint ventures have been advised to await further developments in this matter to reasonably assess the implications on its financial statements, if any.

	As at 31 March 2022	As at 31 March 2021
Commitments		
Other capital commitment (net of advances)	- #	261.87

Ceases to be joint venture effective 19 August 2021. Refer note 6.2

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

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Note 47.4 Table below provide summarised financial information for associates

₹ crore

Particulars	MCR Managing Corporate Real Estate AG		Highbar Technocrat Limited		Evostate AG	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021	**31 March 2022**	31 March 2021
Summarised Balance Sheet						
Current assets (A)	3.24	6.17	57.36	49.38	181.95	65.74
Non-current assets (B)	-	-	8.15	9.11	0.81	13.94
Current liabilities (C)	0.41	1.90	32.04	30.00	166.97	66.25
Non-current liabilities (D)	-	-	0.94	1.34	-	-
Net assets (A+B-C-D)	**2.83**	**4.27**	**32.53**	**27.15**	**15.79**	**13.43**
Summarised Statement of Profit and Loss						
Revenue	-	0.19	104.88	101.20	96.44	-
Profit/(loss) for the year (A)	(1.61)	0.04	5.58	6.28	2.24	(0.10)
Other comprehensive income (B)	-	-	(0.20)	0.16	-	-
Total comprehensive income (A+B)	**(1.61)**	**0.04**	**5.38**	**6.44**	**2.24**	**(0.10)**

' Represents amount less than ` 1 lakh

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

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Note 47.5 Table below provide summarised financial information for joint ventures:

₹ crore

Particulars	Raiganj-Dalkhola Highways Limited		Baharampore-Farakka Highways Limited		Farakka-Raiganj Highways Limited	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021	**31 March 2022**	31 March 2021
Summarised Balance Sheet						
Cash and cash equivalents	-^^	0.07	-^^	23.73	-^	-^
Other assets	-^^	267.42	-^^	446.56	-^	-^
Current assets (A)	-^^	**267.49**	-^^	**470.29**	-^	-^
Non-current assets (B)	-^^	**0.53**	-^^	**777.13**	-^	-^
Financial liabilities (excluding trade and other payable and provision)	-^^	126.00	-^^	95.17	-^	-^
Other liabilities	-^^	0.01	-^^	113.43	-^	-^
Current liabilities (C)	-^^	**126.01**	-^^	**208.60**	-^	-^
Financial liabilities (excluding trade and other payable and provision)	-^^	67.75	-^^	679.39	-^	-^
Other liabilities	-^^	-	-^^	67.93	-^	-^
Non-current liabilities (D)	-^^	**67.75**	-^^	**747.32**	-^	-^
Net assets (A+B-C-D)	-^^	**74.26**	-^^	**291.50**	-^	-^
	For the period 1 April 2021 to 20 August 2021 ^^	**For the year ended 31 March 2021**	**For the period 1 April 2021 to 20 August 2021 ^^**	**For the year ended 31 March 2021**	**For the year ended 31 March 2022**	**For the period 1 April 2020 to 22 September 2020**
Summarised Statement of Profit and Loss						
Revenue (A)	-	-	**63.53**	**362.64**	-^	**74.08**
Construction cost	-	-	3.90	-	-^	
Depreciation and amortization	-	-	17.27	32.94	-^	**24.51**
Finance Cost	7.05	15.39	25.86	52.28	-^	161.88
Other Expenses	0.01	0.46	14.65	106.04	-^	38.91
Total Expenses (B)	**7.06**	**15.85**	**61.68**	**191.26**	-^	**225.30**
Profit before tax (C=A-B)	**(7.06)**	**(15.85)**	**1.84**	**171.38**	-^	**(151.22)**
Tax Expense (D)	-	-	0.33	29.50	-^	-
Profit for the year (E=C-D)	**(7.06)**	**(15.85)**	**1.51**	**141.88**	-^	**(151.22)**
Other Comprehensive Income (F)	-	-	-	-	-^	-
Total comprehensive income (G=E+F)	**(7.06)**	**(15.85)**	**1.51**	**141.88**	-^	**(151.22)**

^ Ceases to be a joint venture effective 22 September 2020
^^ Ceases to be a joint venture effective 20 August 2021 - Refer note 6.2.

Particulars	HCC Concessions Limited		Werkarena Basel AG	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
Summarised Balance Sheet				
Cash and cash equivalents	-^^	55.61	4.32	1.83
Other assets	-^^	538.39	375.84	210.08
Current assets (A)	-^^	**594.00**	**380.16**	**211.91**
Non-current assets (B)	-^^	**1,218.35**	**-**	**-**
Financial liabilities (excluding trade and other payable and provision)	-^^	246.67	0.47	1.15
Other liabilities	-^^	118.21	235.85	-
Current liabilities (C)	-^^	**364.88**	**236.32**	**1.15**
Financial liabilities (excluding trade and other payable and provision)	-^^	758.74	-	125.49
Other liabilities	-^^	68.34	138.86	-
Non-current liabilities (D)	-^^	**827.08**	**138.86**	**125.49**
Net assets (A+B-C-D)	-^^	**620.39**	**4.98**	**85.27**
Summarised Statement of Profit and Loss				
Revenue (A)	**80.89**	**491.70**	**0.47**	**-**
Employee benefit expenses			**-**	**-**
Depreciation and amortization	17.29	33.02	-	-
Finance Cost	33.58	89.54	4.49	2.10
Other Expenses	20.41	125.00	2.35	1.30
Total Expenses (B)	**71.28**	**247.56**	**6.84**	**3.39**
Profit/ (Loss) before Exceptional items (C=A-B)	**9.61**	**244.14**	(6.36)	(3.40)
Exceptional items (D)	354.54	**(108.07)**	-	-
Tax Expense (E)	104.93	28.56		
Profit for the year from continued business (F=C-D-E)	**259.22**	**107.51**	**(6.36)**	**(3.40)**
Loss from discontinued business (G)	**-**	(33.20)	**-**	**-**
Profit for the year (H=F+G)	**259.22**	**74.31**	(6.36)	(3.40)
Other Comprehensive Income (I)	-	(0.15)	-	-
Total comprehensive income (J=H+I)	**259.22**	**74.16**	(6.36)	(3.40)

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS PUNE

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

Note 48 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

₹ crore

Name of the entity	Country of incorporation	% of voting power as at 31 March 2022	Net assets / (liabilities) i.e. total assets minus total liabilities		Share in profit / (loss) [including discontinued operation]		Share in other comprehensive income		Share in total comprehensive income / (loss)	
			As % of consolidated net assets / (liabilities)	Amount (₹ crore)	As % of consolidated profit / (loss)	Amount (₹ crore)	As % of consolidated other comprehensive income	Amount (₹ crore)	As % of consolidated total comprehensive income	Amount (₹ crore)
Hindustan Construction Company Limited	India	-	61.28%	468.33	-39.53%	(153.10)	10.46%	7.86	-31.41%	(145.24)
Subsidiaries										
Indian										
HCC Real Estate Limited	India	100%	-70.17%	(536.30)	0.81%	3.15	-	-	0.68%	3.15
HCC Infrastructure Company Limited	India	100%	7.49%	57.22	60.52%	234.40	-	0.00 *	50.69%	234.41
HCC Construction Limited	India	100%	0.00%	0.00	0.00%	(0.00) *	-	-	0.00%	(0.00)
Panchkutir Developers Limited	India	100%	5.49%	41.97	0.00%	(0.01)	-	-	0.00%	(0.01)
Maan Township Developers Limited	India	100%	-1.48%	(11.33)	0.00%	(0.01)	-	-	0.00%	(0.01)
HRL Township Developers Limited	India	100%	-0.07%	(0.54)	0.00%	(0.00) *	-	-	0.00%	(0.00)
Western Securities Limited	India	97.87%	0.29%	2.20	0.03%	0.11	0.05%	0.04	0.03%	0.15
Highbar Technologies Limited	India	100%	0.33%	2.55	0.20%	0.77	0.20%	0.15	0.20%	0.92
Prolific Resolution Private Limited	India	100%	0.00%^	(0.03)	0.00%^	(0.03)	0.00%^	0.00*	0.00%^	(0.03)
Foreign										
Steiner AG	Switzerland	100%	108.85%	831.88	80.51%	311.84	94.70%	71.16	82.82%	383.00
HCC Mauritius Enterprises Limited	Mauritius	100%	-8.22%	(62.81)	-2.49%	(9.66)	-3.92%	(2.94)	-2.73%	(12.61)
HCC Mauritius Investments Limited	Mauritius	100%	-3.78%	(28.86)	-0.04%	(0.15)	-1.48%	(1.11)	-0.27%	(1.25)
TOTAL			**100.00%**	**764.28**	**100.00%**	**387.31**	**100.00%**	**75.15**	**100.00%**	**462.46**
a) Adjustments arising out of consolidation				(1,548.92)		12.25		9.92		22.17
b) Non-controlling interest in subsidiaries				0.00*		(0.00)*		(0.00)*		(0.00)*
TOTAL				(784.64)		399.56		85.07		484.63

* Represents amount less than ₹ 1 lakh

Note 49 The Group has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of activities of the parent company, its subsidiaries and joint ventures, the differing risks and returns, the organization structure and internal reporting system. Also, refer note 45(ii) for information on revenue from major customers.

The Group's operations predominantly relate to 'Engineering and Construction', 'Infrastructure' and 'Real Estate'. Other business segments contribute less than 10% of the total revenue and have been grouped as 'Others'.

The segment revenue, segment results, segment assets and segment liabilities include respective amounts identifiable to each of the segment and also amounts allocated on a reasonable basis.

Particulars	Year ended 31 March 2022 ₹ crore	Year ended 31 March 2021 ₹ crore
Segment revenue		
Engineering and construction	10,621.73	8,212.11
Infrastructure	54.07	35.11
Real estate	0.07	-
Others	5.01	10.53
Less: Inter segment revenue	(11.15)	(9.33)
Revenue from continuing operations	10,669.73	8,248.42
Revenue from discontinued operations	249.12	-
Total revenue from total operation	10,918.85	8,248.42
Segment results		
Engineering and construction	1,141.22	313.14
Infrastructure	26.16	10.91
Real estate	(0.08)	(0.12)
Others	(1.92)	(1.48)
Less: Unallocable expenditure (net of unallocable income)	(989.44)	(981.21)
Profit / (loss) before exceptional items, share of profit / (loss) of associates and joint ventures and tax from continuing operations	175.94	(658.76)
Exceptional items		
- Engineering and construction	-	(274.03)
- Infrastructure	106.10	-
Profit / (loss) before share of profit/ (loss) of associates and joint ventures and tax from continuing operations	282.04	(932.79)
Profit/ (loss) before tax from discontinued operations (Refer note 12)	(7.02)	-
Profit/ (loss) before tax from total operations	275.02	(932.79)

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Segment assets		
- Engineering and construction	11,928.66	11,356.88
- Infrastructure	234.03	47.12
- Real estate	41.63	39.28
- Others	19.40	22.41
- Unallocable assets	895.74	1,315.14
Assets from continuing operations	13,119.46	12,780.83
Assets from discontinued operations	1,076.54	-
Total assets from continuing and discontinued operations	14,196.00	12,780.83
Segment liabilities		
- Engineering and construction	10,317.25	7,731.86
- Infrastructure	419.66	273.36
- Real estate	56.95	56.88
- Others	4.14	7.06
- Unallocable liabilities	3,357.57	6,029.26
Liabilities from continuing operations	14,155.57	14,098.42
Liabilities from discontinued operations	825.07	-
Total liabilities from continuing and discontinued operations	14,980.64	14,098.42

The Holding Company is domiciled in India. The amount of its assets broken down by location is shown in the below table:

	As at 31 March 2022 ₹ crore	As at 31 March 2021 ₹ crore
Asset		
- In India	10,291.21	8,886.54
- Outside India	3,904.79	3,894.29
	14,196.00	12,780.83

es:

egment asset excludes current erred tax assets and income tax assets, which is included under unallocable assets.

Segment liabilities excludes bo ng term debts, deferred tax liability, accrued interest and non-controlling interests, which is uded under unallocable liabilities

Note 50 Business Combination

a) Summary of acquisition

HCC Infrastructure Company Limited ('HICL') held a 85.45% stake in HCC Concessions Limited ('HCL') and the balance 14.55% was held by Xander Investment Holding XXVI Limited ('Xander'). Based on the contractually agreed sharing of control for HCL, the entity was classified as a Joint Venture of the Group. During the current year, pursuant to the Securities Purchase Agreement entered between Xander Investment Holding XXVI Limited ('Xander') and the Holding Company along with other group entities, Xander's shareholding (14.55%) in HCL has been completely bought back. Consequent to the buy back, effective the acquisition date i.e. 20 August 2021, HCL (including its subsidiaries) ceases to be joint venture of the Group and becomes a wholly owned subsidiary.

The fair value as of the acquisition date for each major class of assets acquired and liabilities assumed:

Particulars	₹ in crore
Property plant and equipment	1.23
Investment property	0.41
Other intangible assets	713.12
Intangible assets under development	38.79
Investments	15.46
Loans	190.07
Other financial assets	186.20
Deferred tax assets	0.53
Income tax assets (net)	14.23
Other assets	234.91
Trade Receivables	73.60
Cash and cash equivalents	418.38
Borrowings	(734.35)
Other financial liabilities	(243.02)
Provisions	(124.45)
Trade payables	(14.18)
Current tax liabilities	(95.08)
Other current liabilities	(13.95)
Fair value of identifiable net assets acquired	**661.90**

At the acquisition date, the Group remeasured at fair value its previously held equity interest in HCL and the resultant gain of ₹ 46.61 crore has been recognised in other comprehensive income.

The aforementioned accounting for business combination has been carried out on a provisional basis and adjustments to the amounts of the assets/ liabilities recognised as at acquisition date, if any, will be retrospectively adjusted during the measurement period.

Revenue and Profit contribution

(a) The acquired business (including discontinued operations) contributed to the Group's revenue from operation to the tune of ₹ 214.34 crore and incurred loss before tax of ₹ 45.25 crore to the group for the period 21 August 2021 to 31 March 2022.

(b) Revenue and net profit after tax of the combined entity for the current year would have been ₹ 10,740.06 crore and ₹ 525.00 crore, respectively, as though the acquisition date for the aforementioned business combination occurred as of the beginning of the current year.

Note 51 Other Disclosures

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
(ii) The Group do not have any transactions with companies struck off.
(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961,

(viii) None of the Group entities have been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) The Group has complied with the number of layers prescribed under the Companies Act, 2013.

Note 52 * represents amount less than ₹ 1 lakh.

Note 53 Figures for the previous year have been regrouped/ rearranged, wherever considered necessary, to confirm to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 efffective 1 April 2021.

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

WALKER CHANDIOK & Co LLP PUNE CHARTERED ACCOUNTANTS

Hindustan Construction Company Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the period ended 31 March 2022

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

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

Shashi Tadwalkar
Partner
Membership No : 101797

WALKER CHANDIOK & CO LLP
PUNE
CHARTERED ACCOUNTANTS

Place: Pune
Date: 12 May 2022

For and on behalf of the Board of Directors

Ajit Gulabchand
Chairman & Managing Director
DIN : 00010827

Arjun Dhawan
Vice Chairman and Whole Time Director
DIN : 01778379

Jaspreet Bhullar
Chief Executive Officer

Mahendra Singh Mehta
Director
DIN : 00019566

Rahul P. Rao
Chief financial officer

Dr. Mita Dixit
Director
DIN : 08198165

Vithal P. Kulkarni
Company Secretary
ACS 6707

Place: Mumbai
Date: 12 May 2022

PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to this Issue, will be included in the Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees(1)	Percentage of the post-Issue issued and paid-up Equity Share capital held (%)^(2)
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]

^ *Based on beneficiary position as on [●], 2024.*

Note:

1. *Subject to receipt of funds and allotment in the Issue. The above table has been intentionally left blank and shall be updated in the Placement Document.*
2. *The post-Issue shareholding (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID will be considered.*

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

____

Name: Nitesh Kumar Jha

Designation: Company Secretary and Compliance Officer

Date: December 16, 2024

Place: Mumbai, Maharashtra

DECLARATION

We, the Board of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules made thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

____

Name: Nitesh Kumar Jha

Designation: Company Secretary and Compliance Officer

Date: December 16, 2024

Place: Mumbai, Maharashtra

I am authorized by the Board of Directors of the Company, *vide* resolution dated August 5, 2024, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Name: Nitesh Kumar Jha

Designation: Company Secretary and Compliance Officer

Date: December 16, 2024

Place: Mumbai, Maharashtra

HINDUSTAN CONSTRUCTION COMPANY LIMITED

Registered and Corporate Office:
Hincon House, Lal Bahadur Shastri Marg
Vikhroli (West), Mumbai 400 083
Maharashtra, India

Tel: + 91 22 2575 1000
Email: secretarial@hccindia.com | **Website**: www.hccindia.com
CIN: L45200MH1926PLC001228

Contact Person:
Nitesh Kumar Jha
Designation: Company Secretary and Compliance Officer
Tel: + 91 22 2575 1000; **E-mail**: secretarial@hccindia.com
Address: Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India

BOOK RUNNING LEAD MANAGERS

Motilal Oswal Investment Advisors Limited
Rahimtullah Sayani Road, Opposite Parel ST Depot
Prabhadevi, Mumbai 400 025
Maharashtra, India

Elara Capital (India) Private Limited
One International Center, Tower 3
21st Floor, Senapati Bapat Marg
Elphinstone Road (West), Mumbai 400 013
Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

Mukund M. Chitale & Co.
2nd Floor, Kapur House, Paranjape B Scheme
Rd No. 1, Next to Vile Parle Mahila Sangh
Mumbai 400 057
Maharashtra, India

LEGAL COUNSEL TO OUR COMPANY
As to Indian law

Cyril Amarchand Mangaldas
Peninsula Chambers, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013, Maharashtra, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

As to Indian law
Rajani Associates, Advocates and Solicitors
204-207, Krishna Chambers
59 New Marine Lines
Mumbai 400 020
Maharashtra, India

SAMPLE APPLICATION FORM

Indicative format of the Application Form

An indicative format of the Application Form is set forth below.

(Note: The format of the Application Form included herein below is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. Our Company, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format below.)

HINDUSTAN CONSTRUCTION COMPANY LIMITED

Registered and Corporate Office: Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India;
Telephone No.: +91 22 2575 1000; **Email:** secretarial@hccindia.com**;** **Website:** www.hccindia.com; **Corporate Identity Number:** L45200MH1926PLC001228; Contact Person: Nitesh Kumar Jha, Company Secretary and Compliance Officer; **COMPANY LEI NUMBER:** 335800E9VW7RE9V86F38; **ISIN:** INE549A01026

APPLICATION FORM

Form No.:

Date:

Name of the Bidder: ____

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹ 1 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") AGGREGATING TO APPROXIMATELY ₹ [●] CRORES UNDERTAKEN IN ACCORDANCE WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND IN RELIANCE UPON SECTION 42 and 62(1)(C) OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY HINDUSTAN CONSTRUCTION COMPANY LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 45.27 AND OUR COMPANY MAY OFFER A DISCOUNT OF UP TO 5% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS THROUGH POSTAL BALLOT PASSED ON [•] AND IN TERMS OF REGULATION 176(1) OF THE SEBI ICDR REGULATIONS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) are not prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; and (c) hold a valid and existing registration under the applicable laws in India (as applicable), and (d) are eligible to invest in the Issue and submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Non-Debt Rules"), can submit this Application Form. However, foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) are not permitted to participate in the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares of the Company have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold, and Bids may not be made by persons in any jurisdiction, except in compliance with the applicable laws of such jurisdictions. You should note and observe the solicitation and distribution restrictions contained in the sections titled "*Selling Restrictions*" in the accompanying preliminary placement document dated December 16, 2024 (the "PPD"). See "*Transfer Restrictions*" in the PPD for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

ELIGIBLE NON-RESIDENT QIBs CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 ("FEMA RULES").ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. OTHER ELIGIBLE FPIs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE II OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019, AS AMENDED ("FEMA RULES"). FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

STATUS (Please tick for applicable category)			
FI	Scheduled Commercial Bank and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Funds**
SI-NBFC	Systematically Important Non – Banking Financial Companies	**OTH**	Others ________________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of this Preliminary Placement Document.

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate*

in the Issue. *** Sponsor and Manager should be Indian owned and controlled.*

To,
The Board of Directors
Hindustan Construction Company Limited
Hincon House, Lal Bahadur Shastri Marg
Vikhroli (West), Mumbai 400 083
Maharashtra, India

Dear Sirs,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations or foreign exchange related laws. We are not a Promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the Promoters of the Company, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with Promoters or persons related to Promoters of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company.

We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the Application Amount and number of shares to be Allotted under each scheme.

We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We note that the Company is entitled, in consultation with Motilal Oswal Investment Advisors Limited and Elara Capital (India) Private Limited (the "**BRLMs**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the confirmation of allocation note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Application Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Application Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Issue Closing Date and such Application Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the Book Running Lead Managers; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or in case of rejection of Bids or non-allocation of Equity Shares or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We further acknowledge and agree that (i) our names, addresses, nationalities, contact details, email IDs, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra at Mumbai (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of BSE Limited and the National Stock Exchange of India Limited (the "**Stock Exchanges**") and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the Reserve Bank of India ("**RBI**") and other applicable laws.

By signing and/or submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties, acknowledgements and agreements as provided in the sections titled *"Notice to Investors"*, *"Representations by Investors"*, *"Issue Procedure"*, *"Selling Restrictions"* and "*Transfer Restrictions*" of the PPD and (ii) the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the Book Running Lead Manager, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section titled "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the Book Running Lead Manager or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the Book Running Lead Manager, and the submission of this Application Form and payment of the corresponding Application Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the Book Running Lead Manager. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office; and (10) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent that we are located outside the United States and purchasing Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where such offers and sales are made. We confirm that we hereby make all the applicable representations, warranties and agreements as set forth in the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions*" in the PPD.**

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
MOBILE NO.			
EMAIL ID			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO.		
FOR MF	SEBI MF REGISTRATION NO		
FOR AIFs***	SEBI AIF REGISTRATION NO.		
FOR VCFs***	SEBI VCF REGISTRATION NO.		
FOR SI-NBFC	RBI REGISTRATION DETAILS		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS.		
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS.		

**Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the BRLMs.*
*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*
**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**		**APPLICATION AMOUNT (RUPEES)**	
(In Figures)	(In Words)	(In Figures)	(In Words)	(In Figures)	(In Words)

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the Book Running Lead Managers will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS																							
Depository Name (Please ✓)		National Securities Depository Limited						Central Depository Services (India) Limited															
Depository Participant Name																							
DP – ID	I	N																					
Beneficiary Account Number								(16-digit beneficiary account. No. to be mentioned above)															
The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which the Application Amount has been remitted for the Equity Shares applied for in the Issue, will be considered.**																							

PAYMENT DETAILS | REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By **[●] p.m. (IST), [●]**

BANK ACCOUNT DETAILS FOR PAYMENT OF APPLICATION AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	Hindustan Construction Company Limited QIP Escrow Account	**Account Type**	Escrow Account
Name of Bank	ICICI Bank Limited	**Address of the Branch of the Bank**	ICICI Bank Limited, Capital Market Division, 163, 5th Floor, H.T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai – 400 020, Maharashtra, India
Account No.	[●]	**IFSC**	ICIC0000004
LEI Number	335800E9VW7RE9V86F38	**Email**	[●]

The Application Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "Hindustan Construction Company Limited QIP Escrow Account". Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the Book Running Lead Managers shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		Fax No:	
Mobile No.	____ Email: ____		

OTHER DETAILS	
PAN	
Date of Application	
Signature of Authorised Signatory (may be signed either physically of digitally)	

ENCLOSURES ATTACHED
☐ Copy of PAN Card or PAN allotment letter**
☐ FIRC
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the SEBI registration certificate as an Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Certified copy of certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
☐ Copy of the IRDAI registration certificate
☐ Intimation of being part of the same group
☐ Certified true copy of the power of attorney
☐ Other, please specify __________________

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*
***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and the Placement Document.
Note 2: This Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLMs.
Note 3: The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.

The Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.
(Note: The format of the Application Form included herein above is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)