

Beyond Bread

HCC





This report is based on GRI G3 guidelines and is a “GRI Checked” application level ‘A+’ report.

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Company Highlights-

HCC is an-

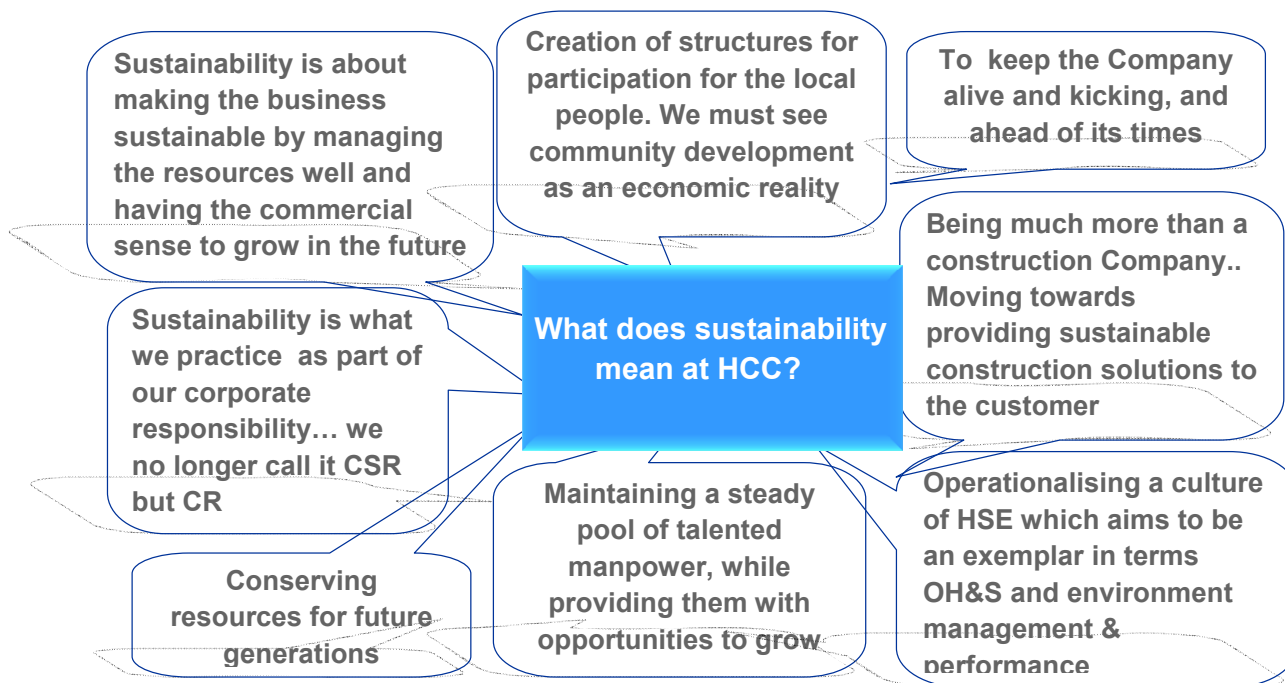
- Integrated group spanning Engineering & Construction, Real estate, Infrastructure, Urban Development and Management.
- Pioneer in construction since 1926, built mega structures of National importance with World class Project Management Skills & innovative construction solution
- Constructed more than 25% of India's Hydro Power & more than 50% of Nuclear Power generation capacity.
- Bridged almost every river on subcontinent
- First Engineering & Construction company in India to establish and implement Integrated Management System (IMS) and adheres to: -
 - ISO 9001-2008 for Quality management system
 - ISO 14001 :2004 for Environment management system
 - BS OHSAS 18001 - 2007 for Occupational health & safety management system

- HCC is the only company in India which endorses United Nations Global Compact's CEO water Mandate of which Mr. Gulabchand is a signatory, joining business leaders around the world in urging key governments to take action in number of areas – direct operation, Supply Chain, Watershed Management, Collective Actions, Public Policy, Community Engagement and transparency.
- Workplace Intervention Programme (WPI) on HIV AIDS started at all the project sites in Partnership with NGO – FCB India Suraksha.
- Only company to operate 6 live projects in Jammu and Kashmir.
- First company to build a city on the principles of bio-mimicry, sustainable, modern urbanism – Lavasa.

- Walchand College of Engineering (WCE) was set up in 1947 at Sangli, Maharashtra, and offers various undergraduate, post-graduate and diploma programmes in various branches of engineering. The college management under the leadership of Mr. Ajit Gulabchand, is committed to the goal of achieving excellence. The college has achieved an autonomous status, effective from academic year 2006 - 2007. The National Institute of Construction Management And Research (NICMAR), founded in 1983, is a pioneering management institute catering to the needs of the construction industry and HCC took the lead in founding it. Its advanced construction management programme, structured in collaboration with MIT and Michigan (USA), ILO and IIM-A, is highly rated by academia and industry.

HCC is a member of GRI's Working Group on Construction and Real Estate sector supplement

We are actively involved in the development of international sustainability reporting guidance for the construction and real estate sector. HCC is a member of the working group for the Global Reporting Initiative's (GRI) Construction and Real Estate sector supplement. HCC is part of the geographically diverse multi-stakeholder working group which consists of representatives of ten construction and real estate companies and ten non industry stakeholders who are environmental, labour, and social experts. This working group works together to design the sustainability reporting guidance over the course of two years during **6 international working group meetings, the last and final meeting is to be hosted by HCC at Lavasa in 2011.** Our participation reflects our intent to contribute solutions and be recognized as leaders in addressing the major challenge of sustainability in the construction industry.



Performance Highlights during 2009-10

- Our order book grew by 15% during the year to Rs.18,810 crore
- Income from operations increased by 10% to Rs. 3863 crore in 2009-10
- EBITDA increased by 3%
- PAT of Rs. 81 crore (though not comparable to the previous year)
- The landmark Bandra- Worli Sea link Project was opened to traffic in June 2009, and is an iconic structure
- Lavasa completed pre-sales of more than Rs.1100 crores
- We used the period of subdued growth to invest in processes and systems and have developed an excellent IT system covering our Head office, 44 major projects, key suppliers and vendors and our subsidiaries HCC Real Estate, HCC Infrastructure and Lavasa Corporation. We have adopted an integrated approach towards environment, quality, health and safety to foster a culture of continuous improvement.
- We made our first international acquisition by taking a controlling stake of 66% in Karl Steiner AG(KSAG) of Switzerland, to help us capture the local market as well as make forays into European expansion, while enabling us to undertake world class , high end, residential and commercial spaces on a turnkey basis in India.

About the report

The Sustainability Report 'Beyond Bread' 2009-10 is our first attempt to provide a glimpse of our commitment towards corporate citizenship and showcasing our belief of delivering value to our clients. This document, has been prepared as per the Global Reporting Initiative's (GRI) sustainability reporting guidelines (G3) Application Level A+ and is our attempt to communicate our company's performance as regards the social, environmental, safety, health or ethical issues of greatest concern to our stakeholders. Standard GRI Indicator Protocols have been used to calculate data for all core key performance indicators. However, in case of safety data, we have used our in house protocols to report on severity rate.

Our values drive our efforts to be a sustainable company, one that recognizes we have responsibilities towards our various stakeholders. This report covers the steps we have taken during FY 2009-10 to fulfill those responsibilities.

Through this report, we seek to initiate an annual dialogue with our stakeholders on our non-financial performance. The report presents HCC's triple bottom line performance for the financial year 2009-10, i.e. from April 1, 2009 to March 31, 2010 except where mentioned otherwise. However, as this is our first sustainability report, we have included information on a few past initiatives and case studies. We have defined India as "local". Assumptions have been clearly stated where used.

The report's primary target groups are our employees, future employees, the authorities, shareholders, customers and suppliers as well as individuals and organizations who may be interested in HCC's way of business.

We would like the information that we are making available to the market and our stakeholders to offer quality & HSE and credibility. That is why we have made use of an independent third party to assure the contents of this report. Ernst and Young Pvt. Ltd are the independent assurance providers for this report. The metrics and figures reported are limited to selected sites of the Hindustan construction Company Ltd.

The scope of our reporting on our various parameters is limited to company's engineering and construction business and the specific projects included in the report are enlisted under the section "Projects in scope" on Page No 19.

For any clarifications on this report please contact:

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From the Chairman and Managing Director's Desk

Our objective is to create RESPONSIBLE INFRASTRUCTURE by providing innovative construction solutions and world class excellence.

We are happy to present to our stakeholders, our first sustainability report in a year in which the world is finally recovering from what could have been the worst global meltdown ever. This report covers performance highlights of Hindustan Construction Company Ltd. and discloses performance on the three bottom lines- economic, environment, and social using the GRI G3 guidelines. The report has been prepared to meet the requirements of 'A'+ Application Level.

The Changing Macroscopic

Construction activities have a strong correlation with economic growth as well as investor sentiments. Uncertainties about the economy and the subdued business sentiment had stalled large capital investments in infrastructure in India in 2008-09, further enhanced by the liquidity crunch in the second half. Investments by the Government of India took off from the latter half of 2009-10, which enabled us to increase our order book, but they did not affect the profit and loss for the reporting period. While growth in the infrastructure industry in India remained muted for most of 2009-10, we did see an upswing from the last quarter of 2009-10, especially in highways and power projects.

Sustainability has always been the guiding mantra at HCC

At HCC we have always created institutions that serve the needs of the society by investing in the construction of homes, building new towns or cities, and creating infrastructure for the good of the people. This is our broad philosophy and we recognize that society expects HCC to demonstrate the principles of good corporate citizenship. We take pride in our responsibility to minimize our impact on the environment by reducing our material consumption, waste generation and water use at all our locations and project sites. Ultimately we aim to enhance the environment through our activities, and it is this mutual respect which ensures the sustainability of our activities and of our business.

We have now reached a stage where we have to take a look at Corporate Sustainability and change its name and we find that it's a common platform for both product improvement and sustainability.

What we stand for

We are equally focused on our achievements with respect to sustainability as we are concerned with issues of governance. HCC doesn't view regulatory authorities as stakeholders, their whole objective is to resolve issues and protect the investors. Ultimately it's a three way transaction between the customer, the investor (the retail

investor.) and the companies. We are cognizant of the fact that we exist so that we can serve our customers, clients and the society as a whole.

Our key stakeholders also include our talented manpower that work in our company, our suppliers, and the partners who come together to produce world class excellence. At HCC we believe in the statement that “all human beings are created equal” and ensure that our organization is free of discrimination and that human rights are preserved to the fullest extent possible. We have put in place the systems to address and ensure that that we reach our goals and maintain our position as an equal opportunity employer and to attract the best talent available. Our people, their safety and rights are of the utmost importance, and we constantly strive to make our organization an employer of choice.

Our material issues capture some of our key concerns

Health and Safety

We live in an environment which clearly lacks adequate concern for health and safety, whether it is traffic management, the upkeep of buildings or maintenance of bridges and roads. At HCC, we sincerely believe that it is a basic human right to have a safe work environment and be free from occupational hazards. The challenges we face include educating and raising the awareness levels of our people to make them understand the importance and implications of safety practices and the risks involved if these are not followed. We continuously demand more of ourselves to adhere to the safety norms and ensure their implementation. We also try and go beyond the traditional occupational health and safety standards and include issues of HIV/AIDS. We aspire to meet and maintain the world's standard in occupational health and safety and realize that while the project sites might be meeting the required present standards, **continuous improvement is key**.

Construction Waste Minimization

We do not own the structures we build, so our sphere of influence lasts only till the construction stage. Most often, the design of the facility is not in our hands. However we are always thinking about how we can make a positive contribution by bring our expertise and innovative thinking to the table. We incorporate our initiatives into the project such as the use of fly ash which would have otherwise gone straight to the landfill, to make concrete. Not only does this maintain the strength and workability of the concrete, but it also uses less cement and therefore leads to conservation of resources. **We see this as innovation**. We strive to bring to our waste management that same precision that is used to construct out projects. Therefore we use state-of-the-art technology in efforts to reduce costs which lessen the burden of waste generated and minimize our impact on the environment.

Pollution and Water

We provide water solutions and pipelines, work in rivers, and build bridges. Water management is a key concern for us at HCC. In Lavasa for example, we are at the cutting

edge of green and are tackling soil erosion, planting native species of trees and utilizing rain water harvesting techniques to effectively conserve and manage water. **With Hydro Seeding we have increased ground water retention, reduced top soil erosion and in effect, improved the ecology.** This is a truly remarkable achievement for an area that has been drought prone for the last seven years.

Moving 'Beyond Bread...'

In our best efforts to build responsible infrastructure, we make use of state-of-the-art equipment and technology which often results in higher costs. These upfront costs would ultimately be offset by the savings we achieve through conservation and other sustainability initiatives.

As you go through the rest of the report, you will come across our approach to these and some other sustainability parameters that we have reported for the first time this year. We hope to hear from you and partner with all our stakeholders to carry the sustainability agenda forward.

From the President and Chief Operating Officer's Desk

Excerpts from Discussion with Mr. Vinayak Deshpande, President & C.O.O., Hindustan Construction Company Ltd.

Our 3 top Sustainability Commitments at HCC are:

1. HSE practices
2. Water Management
3. Awareness of Workforce

Corporate social responsibility is not outside our business but a major part of it. Our verticals are for the people and by the people, especially in the case of infrastructure, where all projects are in hydroelectric, nuclear, transportation and water solutions. All are for the public good and have a positive impact on peoples' lives. However, some people's livelihoods at project sites could be affected. At HCC there is an ethos to respond to disasters and to people in distress. This has become engrained in the HCC culture – employees and workers are self-actualized to respond immediately, and they take pride in their responsibility. Doing good for the people is one of the foundation stones for business. It inspires and drives others, and builds a lot of momentum in projects and relief work. In terms of what makes HCC different from other organizations, at the Core, we are in business for people and to create Responsible Infrastructure. This implies satisfying all elements of responsibility – people (end-users), environment (ecology), investors, employees as well as the clients. Every action needs to originate from the concept of "Responsible Infrastructure". From the Core, we derive our values, which govern our behaviour and manifests into Who We Are. We create Dependable Infrastructure that stands out for its Beauty, Quality, Aesthetics, Utility, and Being Ahead of Schedule.

In most cases, HCC handles a portion of the project and therefore ensures for that part of the project – the processes and methods used in the project have the least possible impact on the environment. Steps are taken to ensure the minimum use of water and minimizing the generation of waste (e.g. Vizag Cavern). In some cases such as PPP projects (with O&M aspect), HCC has the opportunity to influence the upstream and downstream phases of the project in terms of responsibility to the environment. In EPC projects there is a lot more scope to have influence right at the engineering phase so that the project is designed to have the least environmental impact. We believe that something that is built to be environmentally sound will also be safe and efficient. Therefore engineering must respect nature to build Self-Sustainable Structures.

We are signatories to the CEO Water Mandate and have a target to make all sites **ZERO DISCHARGE** or **WATER POSITIVE** by end of 2011. Our air emissions come primarily from our construction equipment and the power generation equipment. These can be controlled and reduced by proper operation and maintenance of DG sets and continuous monitoring by IMS as per the norms. Our Batching and Crushing Plants pose a greater risk of SPM and dust. A log is maintained and is reviewed on a project basis each month.

Some of the challenges we face are dealing with the misconceptions of people and eliminating the shortcut based approach. We hope to create a positive cultural impact, maintain high energy levels, and cultivate the proper work ethos and encourage personal excellence. We stress the importance of safety and realize that safe working conditions are a measure of productivity. Our 3 Million Safe Hours at the Vizag Cavern Project, is an excellent safety record and a tremendous achievement. We have been recognized by our

clients and partners for our achievements and also been invited to share our Best Practices with them.

Organizational Profile

Group Companies



Hindustan Construction Company Ltd.,

Engineering & Construction Projects

Lump sum turnkey

EPC

Design build construction projects



HCC Infrastructure Ltd.,

Infrastructure projects on BOT format



HCC Real Estate Ltd.,

Integrated Real Estate development



Lavasa Corporation Ltd.,

Urban Development and Management



Karl Steiner AG

Total services contractor

Project Management & Services

Facility Management

Nature of Ownership and Legal Form

Hindustan Construction Company Ltd. is a public limited company listed in the Mumbai Stock Exchange.

Table 5: Top Ten Shareholders of the Company as on 31st March, 2010

Sr. No.	Name of the Shareholder	Category	No. of shares	% of total capital
1	Hincon Holdings Ltd.	Promoter	10,03,51,800	33.09
2	HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	FII	1,97,12,151	6.50
3	Hincon Finance Ltd.	Promoter	1,91,82,750	6.33
4	Morgan Stanley Mauritius Company Limited	FII	60,61,191	2.00
5	Reliance Capital Trustee Co. Ltd. - Reliance Infrastructure Fund	Mutual Fund	58,38,900	1.92
6	The India Fund, Inc.	FII	48,55,033	1.60
7	Copthall Mauritius Investment Limited	FII	42,69,600	1.41
8	BNP Paribas Arbitrage	FII	42,13,900	1.39
9	Birla Sun Life Insurance Company Limited	Bodies Corporate	40,80,373	1.35
10	Goldman Sachs Investments (Mauritius) Ltd.	FII	34,95,348	1.15
	Total		17,20,61,046	56.74

Hindustan Construction Company Ltd. is divided into 5 core business units, which execute various projects under their purview.

Business Lines



Hydro

Dams & Barrages
Tunnels
Pen-stocks
Shafts & Piers



Water Solution

Storage Dams
Barrages
Bulk water transmission canals
Tunnels
Pipelines
Pumping Stations
Treatment Plants



Transportation

Roads
Bridges
Tunnels
Lifts



Nuclear & Special Projects

Nuclear Power Plants
Ports
Underground Caverns
Utility buildings & industrial structures



EPC

Turnkey
etc.
Design Build
Engineering Center

Hall of Fame

- More than 80% of Civil Construction Contracts awarded during FY 2009-2010
- 5 out of 10, India's highest concrete dams
- Over 90 km of tunneling experience in geologically complex Himalayan region
- India's first & largest private sector water supply project on EPC basis at Tirupur
- India's largest water treatment plant - Bhandup water treatment plant, Mumbai
- India's longest open sea cable stayed bridge – Bandra Worli Sealink, Mumbai
- Executing India's longest railway tunnel project – Pir Panjal tunnel in J& K
- India's largest nuclear power plant- Kudankulam Nuclear Power Plant, TN
- Executing India's first & second cavern for strategic storage of crude oil
- Asia's largest breakwaters- Ennore breakwater, Tamil Nadu

Hydro

25% of India's Installed Capacity

- 2 out of 5, India's largest underground powerhouses
- 2 out of 5, India's largest pumped storage projects
- 18 surface / underground powerhouses
- Current Market share ~ 55%
- Secured more than 80% of Civil Construction Contracts awarded during FY 2009-2010

43 Dams & Barrages

- 5 out of 10, India's highest concrete dams

Over 170 Km of Tunneling

- Over 90 km of tunneling experience in geologically complex Himalayan region
- Extensive experience in dealing with adverse geological occurrences

Hydro Key Projects



Salal Dam

First dam in India on
Rock Pedestal
450 m x 113 m



Nimoo Bazgo HEP

Located at an altitude
of 11,000 ft
Highest location in
world for GAP
supplementation



Idkuhi Dam

India's first and only
double curvature arch
dam
966 m x 167.5 m



Nathpa Jhakri Surge Shaft

World's deepest surge
shaft
254 m



Tala Tunnel

Largest HEP in Bhutan
- 1028 GKW x 13.5 km
long x 6.5 m finished
diameter tunnel
constructed under
world's most adverse
geological conditions



Yamuna Powerhouse

First underground
Powerhouse in
Himalayas
225 MW

Water Solutions

Irrigation Projects

- Front Runners in execution of large scale integrated projects on EPC basis
- Built 7 irrigation dams, 18 barrages, 35 Water treatment plants, 70 Sewage treatment plants
- Expertise in design & construction of pre-stressed and reinforced concrete aqueduct
- World's largest aqueduct then – Gomti aqueduct, Uttar Pradesh
- World's longest Barrage then - Farakka West Bengal

Water Supply Projects

- India's first & largest private sector water supply project on EPC basis at Tirupur
- India's largest water treatment plant - Bhandup water treatment plant, Mumbai
- Over 25 km of tunneling with TBM in congested urban environment at a maximum depth of 80 m (Mumbai III- A water supply project)

Water Solutions Key Projects



Farakka Barrage

World's longest
barrage then
A-Hundredth Greatest
Barrage of World Record



JCR Devadula LIS

World's second largest
LIS, catering to
irrigation & drinking
water requirement of
6-47 lakh acres of land



Bhandup WTP

Asia's largest WTP
190 MLD



Gomti Aqueduct

World's largest
aqueduct
then, discharging 357
cumecs of water



**Tirupur Water
Supply Scheme**

India's largest Private
Sector water supply
scheme
250 MLD



**Mumbai III A
Water Supply
Tunnel**

Built with TBM in
congested urban
environment

Transportation

Roads, Expressways and Highways

- Over 2300 lane – km of highway construction
- India's first concrete pavement, access controlled expressway project : Mumbai - Pune Expressway

Bridges

- Over 300 bridges – Road / rail/ Road cum rail
- India's longest open sea cable stayed bridge – Bandra Worli Sealink, Mumbai
- Only company to have bridged the mighty Brahmaputra river twice

MRTS & Railway Projects

India's first & second MRTS projects at Kolkata & Delhi

Executing India's longest railway tunnel project – Pir Panjal tunnel in J&K

Transportation Key Projects



Mumbai-Pune Expressway

India's first concrete pavement, access controlled expressway



Pir Panjal Rail Tunnel

India's longest rail tunnel in Himalayan region



Godavari Rail Bridge

India's first and only box girder bridge



Kollata Metro

India's first MRTS project



Kalukheimer's Feed Bridge

31 m long bridge over Brahmaputra one of the largest in Assam



Badarpur Elevated Road

Large scale elevated highway project built in congested urban environment

Over 2 months ahead of schedule completion

Nuclear & Special Projects

Nuclear Power

- Construction of over 50% of India's installed nuclear power capacity
- 13th out of total 21 nuclear reactors including India's largest –Kudankulam ,NPP in Tamil Nadu
- Received order for construction of RAPP 7 & 8
- HCC AMEC partnership to offer Consulting and EPC services for the establishment of nuclear power plants in India

Thermal Power

- 18 Thermal Power Projects & 3 Gas based Power Projects

Industrial & Special Projects

- Executing India's first & second cavern for strategic storage of crude oil
- Executing Pot Shell structure & civil work for Aditya aluminum (HINDALCO) with stringent IP parameters by Aluminum Pechiney
- EPC contract for reconstruction of Dry Dock (DGNP) Mumbai
- Asia's largest breakwaters- Ennore breakwater, Tamil Nadu

2 of 11-HP units not yet commissioned

Key Projects Nuclear & Special Projects



KKNP 1 & 2

India's largest nuclear power project
• 2 x 1000 MW



Ennore Breakwater

Asia's largest breakwater



RAPP 5 & 6

Built all the six units of RAPP
Received order for construction of unit 7 & 8



Kapurthala Rail Coach Factory

India's largest Rail coach factory



Vizag Cavern

India's first cavern for strategic storage of crude oil



Bilal Steel Plant

India's first integrated one million ton steel plant

EPC

Kishanganga Hydro – Electric Project J & K (330 MW)

- EPC contract for a HEP project encompassing planning, design & engineering and execution of all civil and associated infrastructure work including design, supply, installation and commissioning of electro-mechanical & hydro mechanical works

JCR Devadula Lift Irrigation Scheme, Andhra Pradesh

- Phase I & II of stage 1, phase I has 10 cumecs capacity, 135 km of pipeline, pumping stations, reservoirs
- Phase II has 14 cumecs capacity, 200 km of pipeline, pumping stations, reservoirs

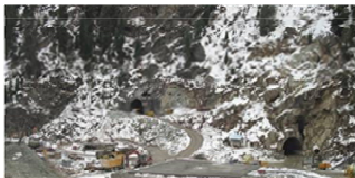
Tirupur Water Supply Scheme, Tamil Nadu

- 185 MLD system includes intake water treatment plant, booster pumping station, master balancing reservoir and 56 km of pipeline.

Delhi Metro Rail Corridor Project, Contract MC-1A

- 4 km long underground Mass Rapid Transit System

Key Projects EPC



Kishanganga
India's largest EPC based Hydro power project in tough Himalayan region
330 MTP



Delhi Metro
India's second LRTS system



Tirupur water supply scheme
India's largest private sector water supply scheme on EPC
250 MLD



JCR Devadula LIS
World's second largest LIS catering to irrigation & drinking water requirement of 6.47 lac acres of land

Projects in scope for Sustainability Report 2009-10¹

 HYDRO POWER	 WATER SOLUTIONS	 NUCLEAR & SPECIAL	 TRANSPORTATION
1.URI-II HEP 2.Chutak HEP 3.NimoBazgo HEP 4.USB / Pirpanjal VA 5.USB / Pirpanjal VB 6.Kashang HEP-I 7.Chamera HEP Stage-III 8.Teesta Low Dam HEP, Stage-IV 9.TEESTA-VI, LOT II 10.TEESTA-VI, LOT IV 11.Kishanganga HEP	1.Maroshi - Ruparel Tunnel Project 2.Middle Vaitarna Project 3.Polavaram Right Main Canal 4.Ghodazari Branch Canal Project	1.Vishakhapatnam Rock Cavern Project 	1.Chennai By-Pass Project 2.As-23 Project (on East west Corridor) 3.Lucknow Muzaffarpur National Highway project (LMNHP) on NH-28 Package 1 4.Package 2 5.Package 3 6.Package 4 7.Mughal Road Project 8.Badarpur Elevated Road Corridor

The report contains data on key sustainability performance indicators from the above sites and has company wide data on economic performance, human resources, policies, and key initiatives during the reporting period.

¹ No data from Kishanganga has been included in the performance indicators in the later sections of the report, as the site has barely completed mobilization.

Vision

The essence of HCC's vision is *"Seeing into the future"*

"To be the Industry Leader and a Market - Driven Engineering Construction Company renowned for excellence, quality, performance and reliability in all types of construction"

The Vision Statement has been inspired by the global infrastructure development needs of tomorrow, along with the customer as the central focus. It was developed after conducting a series of in-house workshops. Senior Leaders within the organization are actively involved in developing and maintaining an effective and efficient management system to disseminate the Vision across HCC in order to achieve "Customer Delight".

The HCC Corporate Mission is derived from the Vision Statement to encompass the overall strategies, objectives and goals of the Organization.

Mission

HCC's mission is *driven by excellence* to-

- Be a leading construction company in the global market.
- Become the customers' most preferred choice by attaining excellence in quality and timely completed value added projects.
- Continually innovate, develop and adopt state-of-the-art technology in methods and materials to enhance productivity and cost effectiveness.
- Continually improve the competence of our people and make them proud to work at HCC.
- Build a safety culture aimed at continually reducing the frequency severity rate towards achieving zero accidents.
- Identify and mitigate all the environmental impacts arising from our activities and comply with applicable environmental norms.
- Develop and adopt eco-friendly concrete technology to reduce one million tons of greenhouse gas (GHG) emissions in the next 10 years.
- Contribute to the development of the local community and society at large as a part of our corporate social responsibility.

Values

Drawing from our rich historical and cultural heritage for the last 90 years, HCC's shared values are the driving force for us. They are representative of who we are and how we behave; they impact our everyday work life and give us the competitive edge.



Building our Brand

The respect and trust the HCC brand today commands, is the sum of all the Company's efforts and achievements over more than 80 years. In 2006, HCC undertook a re-branding exercise to properly reflect all the values that HCC stands for and the Company's personality and capabilities today. Landor Associates, a leading international corporate identity consultancy were appointed for the project. In depth research and brainstorming sessions with management and different levels of staff, were conducted to understand the brand values that define the Company. The research revealed a culture of transparency and entrepreneurial breadth of vision; a drive to be world class in business practices, with passionate commitment to the success of customers and partners, obsession with delivering Quality while ensuring certified Safety standards and adherence to sustainability of Environmental impacts, clearly demonstrating an existing synergy within the Company with the values underlying sustainability. These qualities of the Company were defined by Landor as "Big ideas in Action"

The new logo and brand identity designed by Landor, presents an appropriate look; clean, contemporary, precise and focused. The implementation of comprehensive branding with signages, has ensured consistency of the Company's brand identity across project locations, irrespective of challenging terrain. Brand Champions, who at each site, act as custodians of good brand practices, are supported with films, brand compliance forms and branding kits. HCC's participation in important business and industry events and expositions in several parts of the country provide excellent opportunities for high visibility of HCC's brand identity among relevant target audiences, positioning HCC as a professional world class company among business associates. The Bandra – Worli Sea Link project in Mumbai provided touch points for the widest outreach of the brand identity vis a vis all the stake holders of the Company, making HCC today, a household name. Branding has enhanced awareness of HCC and goodwill amongst its clients and communities. Conversely, the resultant increased sense of responsibility and accountability towards stakeholders arising from easy recognition of the brand, furthers the cycle of sustainability of operations. (Visuals of branding)

Towards inculcating and reinforcing brand value driven behaviours, brand induction workshops among staff, have been conducted at the Head office and are ongoing at project sites. Walking the brand values is an integral part of the induction training for new employees.

Professional Memberships

- Bombay Chamber of Commerce
- Indian Chamber of Commerce
- Indo-German Chamber of Commerce
- The India Automobiles Association
- Builders Association of India
- Maharashtra Economic Development Council
- Overseas Construction Council
- NICMAR
- Indian National Committee - International Chamber of Commerce
- Indian Council of Arbitration
- Confederation of Engineering Industry
- Indo-American Chamber of Commerce
- Indian Overseas Construction Corporation Ltd.
- ICC India
- Maharashtra Chamber of Commerce & Industry
- Indian Merchants' Chamber
- Overseas Construction Council of India
- Indian Water Works Association
- Indian Atomic Industrial Forum
- Indian Road Congress
- Indian Committee - National Hydroelectric Power Corporation Ltd.
- All India Association of Industries
- Confederation of Indian Industry
- Federation of Indian Chambers of Commerce and Industry (FICCI)

Our Chairman and Managing Director is a member of the following bodies-

- Chairman, Lavasa Corporation Ltd
- Chairman, Board Of Governors, NICMAR
- Chairman, Administrative Council, Walchand College of Engineering
- Chairman, CII's National Committee on Construction and Projects (and member of the Confederation of Indian Industry (CII) National Council)
- Founding permanent member of the Board of Governors of the Construction Industry Development Council of India (CIDC).
- Founder President Construction Federation of India (CFI)
- Chair's the Governor's steering board of the Engineering and Construction community
- Member of the CII-WEF Infrastructure Task force.
- Founder Member of the Geneva based Disaster Resource Network (DRN) in collaboration with the WEF, the United Nations and International Red Cross.
- As Chairman of DRN India, he has steered emergency response teams and rehabilitation to a number of locations struck by natural disasters in India and abroad.
- Past Chairman for the Projects Exports Promotion Council (PEPC).
- Past President and Permanent Member of the Governing Council of the Builders Association of India (BAI).

Awards and Recognition-

- 1. Infrastructure Leader of the Year to Mr. Ajit Gulabchand** under Infrastructure Excellence Awards 2009 in association with CNBC TV18
- 2. Most Outstanding Bridge National Award for the year 2008 for Bandra Worli Sea Link Project** by an independent jury of bridge engineering experts from the Indian Institution of Bridge Engineers (IIBE).
- 3. Golden Peacock Innovation Award for the year 2008 for Kudankulam Nuclear Power Project** by the Golden Peacock Awards Jury, under the Chairmanship of Justice P N Bhagwati, former Chief Justice of India and Member UN Human Rights Commission.
- 4. Best Concrete Structure Award for the year 2007-2008:** To Gosikhurd Spillway Project, the award is conferred by the India Concrete Institute
- 5. SAP ACE 2008 (Certificate):** Awarded for Customer Excellence - for standardizing the critical process of budgeting, project management, document management, knowledge sharing to promote collaborative workforce for compliance - intensive construction industry.
- 6. SAP ACE 2008 (Trophy):** Awarded for Best Engineering, Constructions & Operations Sector implementation - Large Enterprise.

- 7. Golden Peacock Award for Excellence in Corporate Governance - 2007** conferred by the Institute of Directors (IOD), under the Chairmanship of Justice P N Bhagwati, former Chief Justice of India and Member of Human Rights Commission
- 8. Golden Peacock Award for Occupational Health & Safety - 2007** by IOD (Institute of Directors) in association with World Environment Foundation (WEF)
 - Bandra - Worli Sea Link Project, Mumbai
- 9. DemoJAM - SAP Summit 2007:** *1st prize* for best innovation at handling Construction Aids (CONA) material in SAP implementation
- 10. SAP ACE 2007 (Trophy):** Awarded for Best Construction & Real Estate sector implementation - Large Enterprise.
- 11. Golden Peacock National Quality Award** for the Year **2006** in the category for Private Large Service by IOD (Institute of Directors) in association with World Environment Foundation (WEF)
- 12. International Star Award for Quality** in the Gold Category for the year **2006** by Business Initiative Directions (BID), Madrid, Spain
- 13. National Award for Fly Ash Utilization** for the year **2005** for Use of Flyash Based Self Compacting Concrete at Nuclear Power Projects from the Ministry of Power, Ministry of Environment & Forest and Department of Science & Technology, Government of India

14. Indian Concrete Institute, U.P. Allahabad Centre - Best Structure Award for the year 2004

- Concrete Cable Stayed Bridge across river Yamuna at Allahabad

15. Overseas Construction Council of India - Export Award for the year 1998-99 : Maximum Overseas Construction Contracts Secured

16. Association of Consulting Civil Engineers (India) - Innovative Design of Structures 1997

- Bow String Girder Bridge over river Godavari, A.P. - *Somdatt Award*

17. Association of Consulting Civil Engineers (India) - Innovative Design of Structures 1996

- Bridge over river Ganga at Varanasi, U.P. - *Simplex Award*

18. Indian Institution of Bridge Engineers 1995

- Godavari Bridge, A.P. - *Category II: Steel Superstructure - 1st Prize*
- Varanasi Bridge, U.P. - *Category I: Prestressed Concrete Superstructure - 3rd Prize*

19. Association of Consulting Civil Engineers (India) - Excellence in construction in the field of Civil Engineering

▪ **1995**

- Metro Railway Project, Calcutta - *Sarvamangala Award*

▪ **1994**

- Chamera Hydel Project, H.P. - *Sarvamangala Award*

20. 25th Convention of International Federation of Asia & West Pacific Contractors' Associations (IFAWPCA), for the best achievements in "Building Construction" and "Civil Engineering Construction".

▪ **1991**

- Salal Dam Works, J&K - *Gold Medal*
- Rail Coach Factory, Kapurthala, Punjab - *Silver Medal*

21. Awards for Excellence for the Most Outstanding Concrete Structures in India, instituted by Maharashtra, India, Chapter of American Concrete Institute

▪ **1994**

- Metro Railway Project, Calcutta - *Category 1: Major Heavy Civil Engineering Structures with highly specialised structural intricacies with utmost skill and excellence - II Prize*

▪ **1991**

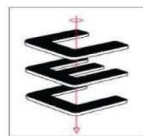
- Salal Dam Works, J&K - *Certificate of Merit*
- Rail Coach Factory, Kapurthala, Punjab - *III Prize*
- Kakrapar Atomic Power Project, Gujarat - *Certificate of Merit*

▪ **1988**

- Narora Atomic Power Project, U.P. - *Certificate of Merit*
- 275 M high Chimney for Tata Thermal Power Station, Trombay, Mumbai - *III Prize*
- 3 km long Road Bridge across river Brahmaputra near Tezpur, Assam - *Certificate of Merit*



Partners (Past and Present)



Stakeholder Engagement

Our key stakeholders are our customers, suppliers, the local communities around our project sites, investors, and our joint venture partners, as their impact on our business is among the highest.

We focus on communication and establishing channels of feedback with all our stakeholders. We present glimpses of some of these initiatives in this section.

Engaging with Suppliers

Understanding the need of leveraging technology to enhance efficiency and transparency, HCC developed a portal for its suppliers to gain greater confidence in the relationship. The portal has helped in improving efficiency levels by automating processes which were manually driven earlier. The portal created on SAP portal technology, helps suppliers log on to information details online, for which they were earlier dependent on traditional modes. The complete cycle of P-2-P (Purchase requisition to Payment details) is captured in the portal, which enables suppliers to view RFQ details, enter quotes, download purchase orders; review goods receipt reports, invoice verification and check payment details.

The Sub Contract Development Cell –

Goal

The Subcontract Development Cell was set up under the auspices of the integrated resource management (IRM) services group in January 2010. The cell's goal is to make continuous improvements in the skill sets of existing subcontractors in line with HCC's brand philosophy and ensure the availability of reliable subcontractors to meet our planned growth targets.

Initiatives

- To increase awareness levels, we involve subcontractors, workers and supervisory staff in Health, Safety and Environment (HSE) related training.
- We launched the **Basic Construction Safety Training** across all our construction project sites
- We hold interactive meets with our subcontractors and piece rate workers (PRWs) on regular basis.
- Until June we had trained over 3300 workers spread across 5 locations and further sessions are ongoing.

Events

Direct **one-to-one engagements** were carried out with piece rate workers and subcontractors to understand their problems as well as to share our expectations with them. The enthusiastic involvement of the HCC Projects Teams was matched by a positive response from the contractors.

The **Subcontractors Pre Bid Meet** was held in Mumbai on 15th March 2010 for all stakeholders including prospective subcontractors, existing HCC subcontractors, equipment manufacturers, leasing companies and HCC Senior management. The program was attended by over sixty companies and received positive feedback.

The **Regional Conference** was held at Kolkata on 18th June 2010. It focused primarily on Hydro Projects in the North Eastern and Eastern regions as well as some forthcoming projects and was attended by more than fifty companies.

Engaging with the community



The Mughal Road Project in J&K is covered under Prime Minister's reconstruction program and assumes significant socio-economic importance. Once completed, the project would connect the districts of Poonch & Rajouri to Kashmir. In order to make people aware of the project portfolio, ground realities & progress of work, a stall was kept in Poonch city from 16.11.2009 to 20.11.2009 (5 days). The people of Poonch & Rajouri districts made a visit to the stall and got acquainted with HCC's Mughal Road project and its possible impact.

We will elaborate on our community development initiatives in the section on social performance.

Case Study: Bandra-Worli Sea Link (BWSL)

The iconic Bandra Worli Sea Link (BWSL) is a 4.7 km long connecting bridge linking the city of Mumbai with its western suburbs. The project is considered an engineering marvel as it was constructed at open sea and includes a cable stay portion and two parallel 4 lane bridges of 500 metres suspended from twin towers 126 meters high. Completing the sealing is a 16 lane, state-of-the-art toll plaza and buildings for traffic control, weather monitoring and surveillance systems. Since its grand opening on June 30, 2009, the BWSL has greatly eased the travel woes of Mumbai's residents. Before its construction, it took nearly an hour to cover the 8 km distance between Worli and Mahim. It now takes about 6 minutes to travel over the 4.7km stretch shortened by the sea link, making it a much more convenient option. The BWSL will result in savings in vehicle operating costs, reduced environmental and noise pollution, and has no adverse effect on marine life.

Constructing the cable-stayed bridges was the most challenging part of the project and it demanded a very high level of technical expertise and required a detailed stage by stage construction analysis prior to actual construction.



The longest span Cable Stayed Bridge on Single Pylon in India

Bandra-Worli Exhibition centre

The 2000 sq. ft Exhibition Centre was built at a cost of Rs. 12.5 million and explains the reasons, technology and team behind the unique sea link project. It was inaugurated on November 12, 2006 and allows various stakeholders to learn more about the BWSL project.

So far the centre has been visited by a diverse group of stakeholders including:



Ever since the Bandra Worli Sea link started advancing across Mumbai's skyline, various segments of the Public/opinion makers and other stakeholders were inquisitive about the project, its progress and how this project would impact the country, city and its people at large.

HCC responded to all the interest shown by building a unique "Exhibition Centre" near the Project Site itself, so that visitors could get a close view of the structure and get a proper understanding of all the features and intricate engineering that went into the making of the cable stayed bridge. To date, over 15,000 people, including many international visitors, college and school students, media and the general public have visited and have been given a detailed, educative tour around the Centre.

Over the years, the Exhibition Centre has proved to be a potent tool not only to disseminate information about the project and Company, but has also helped the Company answer queries, correct uninformed perceptions and explain the considerations involved in the extended time taken for completion of the project.

Stakeholders engaged from the complete cross section:

- Engineering Colleges, Students
- Financial Institutions
- Industry Bodies such as Builder Association of India (BAI) and CII
- JV Partners
- Engineering Consultants
- Government Officials
- Construction Firms
- Consulates/ International trade delegations
- Shareholders
- Politicians
- Celebrities and Opinion Makers
- Clients
- Media

The Exhibition Centre

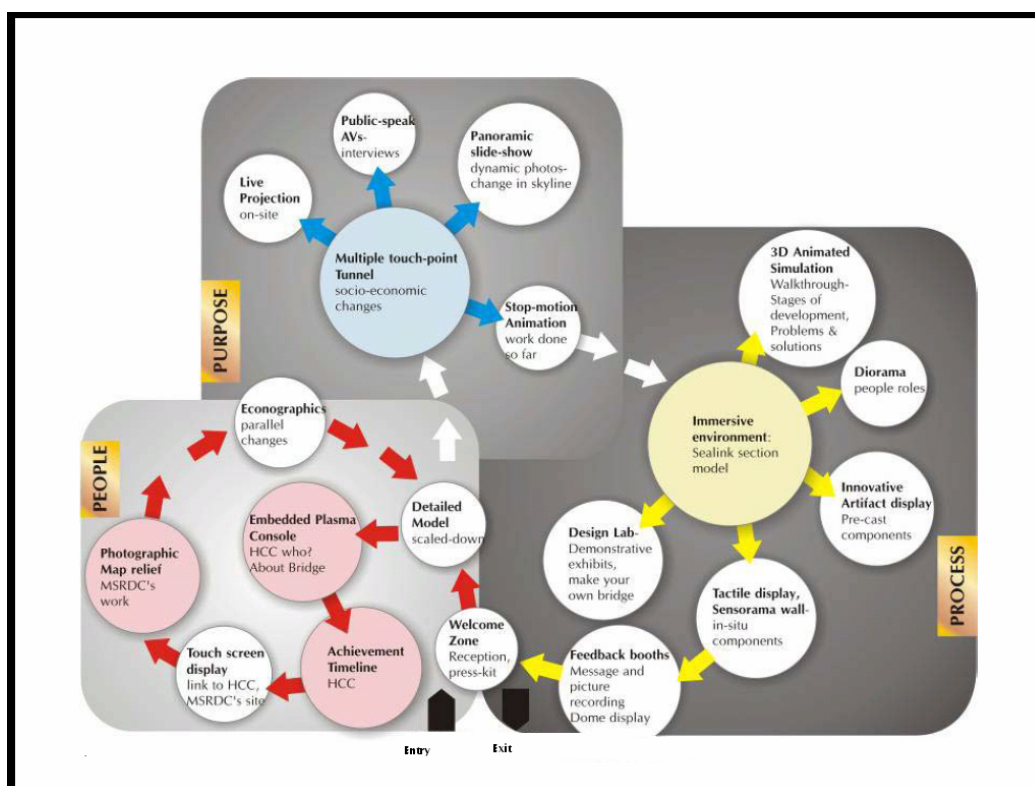
Inaugurated on November 12, 2006, this 2000 sq ft set up was built with an investment of Rs 1.25 cr and explains the reason, team and technology in making of the sea link. The layout is planned in 3 sections namely:

People: The section elaborates on the Companies behind the project and the untiring spirit of the people building the massive bridge on the open seas. Large, colourful wall panels capture feedback from a cross-section of people about their views on the sea-link. Display panels as well as a touch screen monitor in the Centre featuring various projects of HCC give a perspective about the types of projects and geographical spread of projects that the Company executes.

Purpose: The section answers various questions such as - why such an ambitious project is required for Mumbai, the Maximum City. What benefits it brings to the citizens and what citizens feel about the project? The section also elaborates on the specific functional advantages of the bridge, such as reduction in the travel distance from 7.7 kms to 5.6 kms, time from 40 mins to 6 minutes and 23 traffic lights to four. The Exhibition Centre also offers visitors a virtual walk thru on the bridge.

Process: As one of the largest Cable Stay Concrete Bridges in the world, this section explains in detail the construction processes, the Sea Link structure and its dimensions, equipment used in the construction and contains large 3-dimensional models explaining each stage of the construction. This section also has a 1200 mm focal length telescope and binoculars to give visitors a ringside view of the actual bridge under construction.





The Three Experience Zones in the Exhibition Centre

Number of Visitors that have taken a guided tour of the Exhibition Centre

Update this figures

Year	Number of visitor
2006-2007	500 nos.
2007-2008	2857 nos.
2008-2009	5547 nos.
2009-2010	8231 nos.
2010- 2010 (Jan to Aug)	1939 nos.
Total Number of Visitors	19034

Outcome

Taking every visitor, on a detailed, guided tour through the Exhibition Centre, has lead to a greater understanding about this first-of-its-kind bridge, its construction method and technology used, and why the bridge took a longer time to be built, than first envisaged. Importantly, this helped greatly in bringing about the perception at large that the Company was not responsible for the delays in the completion of the project.

Quotes

- Engineering Colleges, Students
 - Maj Gen GD Bakshi, Officer of National Defence College, New Delhi: A most impressive insight into our technological prowess
 - Maj Shashi, College of Military Engineering, Pune: Great to hear, feel and see
- Financial Institutions
 - Rakesh Bhutaria, Standard Chartered Bank: Really pleased with the centre and the extremely pleasant and accurate discussions around the bridge related work executed by HCC.
- Industry Bodies such as Builder Association of India (BAI) and CII
 - Anand Mahindra, VC & MD, Mahindra and Mahindra
- JV Partners
- Engineering Consultants
 - S Srinivasan, Dar Consultants, UK: Well planned and projected, brings out the best of the activities and you get a total glimpse of the project
- Government Officials
 - DK Sankaran, Chief Secretary, Maharashtra: It is indeed worth a visit and every future project site should consider having a similar facility in order to create better public understanding
- Suppliers
 - Sunil Bhaskaran, Executive In Charge, Global Business, Tata Steel: Fascinating. Feels proud to see this level of World-Class technology and Execution in India. We are indeed proud to be associated with HCC
- Construction Firms
- Consulates
 - Deepak Obhrai, Canadian Parliament Member: Extremely impressive. Puts India and Mumbai on the world stage
- Shareholders
 - During the shareholders visit on December 09, 2006 for 140 shareholders: Wonderful to be a part of such a project
- Politicians
- Celebrities and Opinion Makers
 - Amitabh Bachchan: It's been a marvelous experience. This is a great pride of India.
- Clients
 - Umer Farooq, Executive Engineer, Mughal Road: It's a marvelous work executed by HCC. Great Efforts have been put up to make dreams fulfilled.
- Media
 - Henry Kowalski, Producer with Discovery Channel, Canada: Found it to be incredibly informative. I'm someone in the business of passing on good information in a very entertaining way and it is certainly up to my standards and even better.

Snapshot of engagement with key stakeholders

Stakeholder Group	Purpose of Engagement	Mode of Engagement	Activities or highlights during 2009-10	Future plans
Customer/Clients	Customer Satisfaction , knowledge sharing , partnerships	Quarterly Customer Satisfaction Surveys, Frequent Dialogue, Project progress reports, Client meets, road shows	<p>Sharing knowledge and industry best practices with the customers to create innovative construction methodologies.</p> <p>Setting up of Centre for Research Development and Innovation, through which HCC has now filed for close to six Construction Innovation methodologies.</p> <p>Sharing knowledge and industry best practice with customer on "Road Construction Safety & Legal and Regulatory Issues" with NHAI Senior Management group</p>	Customer Voice Program to be completed by October 2010
Suppliers and sub contractors	<p>To ensure all required materials as per the specified quality standards, to ensure the progress of the projects without any interruptions, in the quantities as required and at the place of the projects where in they are needed to meet the environmental and safe construction,</p> <p>Health and safety</p>	<p>SAP based Supplier Portal to enhance the Supplier processes with increased transparency</p> <p>Sub contractor development Cell</p> <p>Specialist Suppliers and equipment manufacturers interact with Project managers at quarterly meets .</p>	<p>An independent 3rd party engagement was done to get unbiased feedback from key suppliers of materials, equipment, logistics, and subcontractors. The transparency in getting the feedback was ensured by non disclosure of names of the suppliers by this independent agency engaged for during the survey. The questionnaire designed was targeted to get the required feedback</p>	<p>Consolidation of the requirement and tie-ups with key suppliers by giving maximum business, to ensure required deliveries, improve upon the terms.</p> <p>Better control of capital expenditure and operating expenditure</p>

			from these suppliers and subcontractors, to understand their expectations, their experience / view on our dealing with them , their suggestion on improvements etc.	
Employees	Employee satisfaction and retention, empowerment, health and safety	in house newsletters, satisfaction surveys, structured performance management system on site training programs under the umbrella- 'Practical Learning at your Workplace'	Structured approach to training adopted	An employee survey is planned in 2010-11 Project Manager's Program at IIM, Ahmedabad for the first batch in June 2010
Investors and Shareholders	Maximising returns on investment and upkeep of ethical business practices	AGMs, EGMs, Analysts Meets on Quarterly basis, Corporate Website and other Corporate Publications like annual reports, newsletters and road shows	The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report, Press Release and the Company's Website. Quarterly, half yearly and annual results are published in prominent daily newspapers such as Business Standard (English) and Sakal (Marathi) in all editions. Road shows conducted for investors Meeting with four to five analysts every month. They have been taken to visit some of our key sites such as Lavasa, the Bandra	Bettering the bottom line to increase the value for shareholders

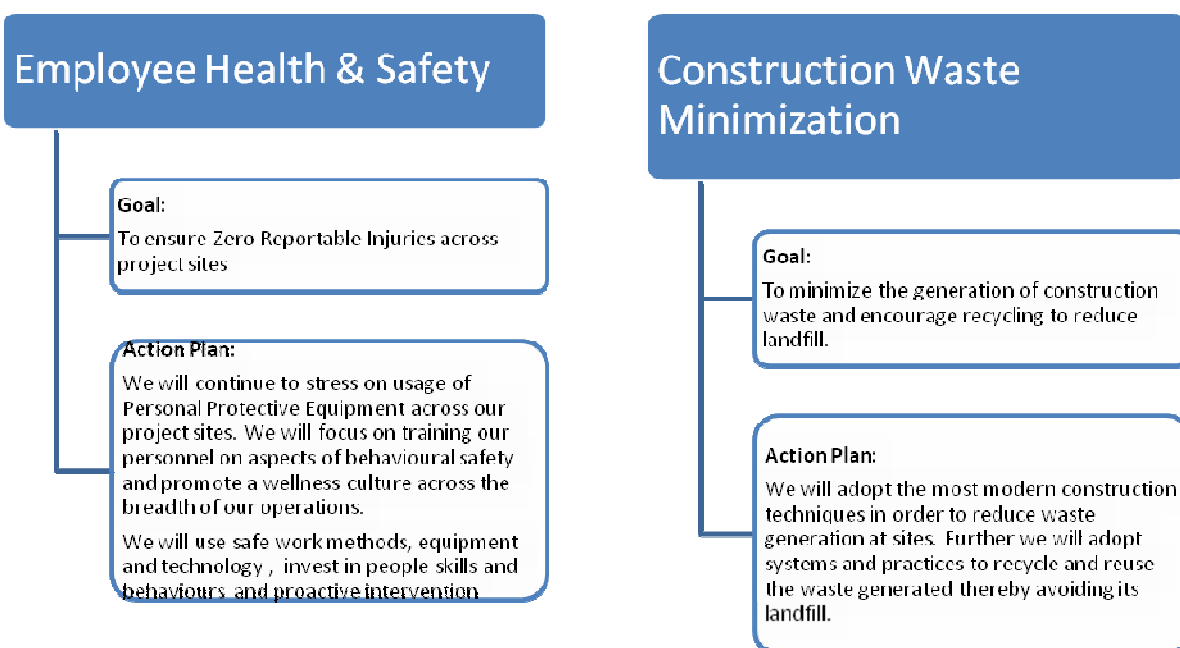
			Worli Sea Link, sites in Jammu and Kashmir.	
JV Partners	Satisfaction levels, confidence in the alliance		JV Partners such as Alpine Bau Gmbh (Austria), Samsung C&T Corporation, and Halcrow Consulting India Pvt Ltd were given standardized forms for which they provided feedback on their experience with HCC, satisfaction levels, OFIs, etc	
Local Community	contribute to their wellbeing and development by contributing to infrastructure development in locations around our project sites	Programs on education, health, contribution to livelihood and overall development at each location, in addition to initiatives aligned to the CEO water mandate and response to any natural disaster that might occur from time to time	details given in the 'community development ' section Commissioned a study by Bain and Company on CSR restructuring, moving from corporate philanthropy to corporate responsibility	more structured and proactive need base approach to CSR initiatives across our locations

Material Issues Identification

HCC operates in a dynamic and constantly evolving environment. It is challenging for the Company to address environmental concerns on one hand while continuing to grow at a rapid pace and meet client requirements of time and competitive pricing.

A structured brainstorming exercise and scoring of several important issues was carried out across different levels of personnel in the organization to arrive at the sustainability issues most material to our business. We recognize that this exercise needs to include feedback from external stakeholders in order to make it more inclusive and complete, and we intend to do the same going forward. The material issues selected for the company this year and our objectives and action plans with respect to the same areas follows:

1. Employee health & safety
2. Construction waste minimization
3. Pollution & Water
4. Community development



Pollution & Water

Goal:

- To reduce the annual project site-wide water consumption by 10%.
- To reduce project site emissions by 7% on an annual basis

Action Plan:

- We continue to explore ways of recovering and reclaiming water from waste streams. We plan to achieve the target by recovery of water through various processes and systems; reuse of water at non-critical work areas; and reduce water wastage through awareness and deployment of a systemic approach.
- We will deploy measures to reduce air emissions from our project sites. Further we will continuously monitor ambient air quality at our project sites.

Community Development

Goal:

- To ensure proactive participation in community development on issues of health, education, and water

Action Plan:

- We have devised a strategy for community development, making it more focused and need based to address the issues of the concerned community

Corporate Governance

Sound corporate governance practices and ethical business conduct remain at the core of HCC's value system. The Company's philosophy on corporate governance stems from its belief that timely disclosures, transparent accounting policies, and a strong and independent Board go a long way in maximizing corporate value. HCC believes that all actions and strategic plans should deliver value to all stakeholders as well as conform to the highest standards of corporate behavior.

As a Company which believes in implementing corporate governance practices that goes beyond meeting the letter of law, HCC has adopted practices and established systems and procedures fully compliant in both letter and spirit. The Company complies with all the statutory and regulatory requirements prescribed by the Clause 49 of the Listing Agreement and also strives to implement several non-mandatory practices.

Board of directors

As on March 31st 2010, HCC's Board consisted of 10 members. The Chairman and Managing Director is the only Executive Director, who is also the Promoter Director of the Company. Out of the remaining nine Non-Executive Directors, seven are Independent Directors. All the Directors, except the Chairman and Managing Director and Deputy Managing Director, are liable to retire by rotation.

HCC Board of Directors	
Name	Position
Ajit Gulabchand	Chairman & Managing Director
Y.H.Malegam	Independent Director
Rajas.R.Joshi	Independent Director
D.M.Popat	Independent Director
Ram P. Gandhi	Independent Director
Prof.Fred Moavenzadeh	Non-Executive Director
Sharad M.Kulkarni	Independent Director
Nirmal P.Bhogilal	Independent Director
Anil C.Singhvi	Independent Director
K.G.Tendulkar*	Deputy Managing Director

**K.G.Tendulkar's tenure as Deputy Managing Director expired on 7th November, 2009 and he was appointed as an Additional Director with effect from 8th November, 2009*

Code of Conduct

Good governance and ethical business practices are more important now than ever. HCC has always strived to embed its core values² into everyday decision making processes and this philosophy is further strengthened by adoption of a 'Code of Conduct'. There are two separate categories of 'Codes of Conduct' – one for the Non-Executive Directors and the other for the Executive Directors and the designated employees in the senior management³. The Code is intended to serve as a guiding principle for senior

² HCC's Mission and Vision are available on the website of the Company www.hccindia.com

³ Copies of both the codes of conduct are available on the website of the Company www.hccindia.com

management who affirms compliance with this code on an annual basis as at the end of each financial year. The Code of Conduct for Executive and Non-Executive Directors clearly defines processes in place to avoid conflicts of interest.

The Code of Conduct is handed over and explained to all employees during induction. It also deals with the treatment of insider information, is available online to all employees on our intranet and the Company website.

It clearly mentions that-

“All members of Senior Management shall comply with insider trading regulations issued by the Securities and Exchange Board of India and the Insider Trading Code issued by the Company as may be applicable to them. Senior Management and its immediate family members should not accept any gift, gratuity, fee or other benefits of any kind from suppliers, customers, competitors and related business parties if it is known, believed or suspected that its purpose is to influence a transaction and/or if the value such an item is significant and/or might cause embarrassment to the Company.

For the purpose of the Code, the Company has appointed the Company Secretary as the Compliance Officer, who shall be available to the Senior Management to answer their queries and to help them comply with the Code.”

We support the UN Global Compact and the tenth, anti-corruption principle thereof.

Board Level Committees

The Company has five Board-level Committees⁴ - Audit Committee, Shareholders / Investors Grievance Committee, Remuneration Committee, ESOP Compensation Committee and Executive Committee of the Board.

HCC - Board Level Committees	
Audit Committee	•It oversees the Company's financial reporting process and disclosure of financial information, approves payment to statutory auditors, reviews the annual financial statements and is cognizant of all of HCC's transactions
Investors Grievance Committee	•Deals with various matters relating to transfer/transmission of shares, issue of duplicate share certificate, review of dematerialized shares, expeditious redressal of investors grievances and other matters related to shares
Remuneration Committee	•Recommends to the Board the compensation of the managerial personnel (Including Executive & Non-Executive Directors in accordance with the existing provisions)
ESOP Compensation Committee	•Deals with various matters related to stock options including quantum of options to be granted, conditions of lapse, rights of the employees, procedure of adjustment and policies regarding exercise of options
Executive Committee of the Board	•Regularizing the routine operations of the Company and exercise all the powers delegated to it by the Board of Directors.

All major decisions, material issues, investment and capital expenditure related issues go through the approval of the Board and information like fatal or serious accidents, dangerous occurrences, major effluent or pollution related problems, labour and industrial relations related issues are regularly brought to the notice of the Board as part of various

⁴ For more information on the Board level committees refer the Annual Report 2009-10 Page no. 26-30

Board meetings. The Board met nine times during the year. The maximum time gap between any two consecutive meetings did not exceed four months. The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the company to rectify instances of non-compliances, if any.

We strictly adhere to Section 299 of the Companies Act, 1956, under which every Director of a company who is in any way concerned or interested in a contract or arrangement, is required to disclose the nature of his concern or interest at a meeting of the Board of Directors. A general notice is given once in a year to the Board by a director to the effect that he is a director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm.

We have instituted mechanisms to inform our Board members about initiatives for risk assessment and minimisation as well as a periodic review that would strengthen our risk governance. Our framework facilitates building an early-stage understanding of the exposure to various risks and uncertainties, leading to timely response and effective mitigation. The system comprises of the risk management structures, procedures and policies at the corporate and divisional levels. We implemented a risk policy through a comprehensive checklist for each project type at the operation stage and also through a quality management system.

The Company has appointed M/s TSR Darashaw Ltd as its Registrar and Share Transfer Agents who have been assigned the task of maintaining shareholders database and resolving Shareholder's grievances / complaints, as and when they are received in a timely manner.

Apart from M/s TSR Darashaw Ltd resolving Shareholders queries / grievances, the Company's Legal and Secretarial Team also addresses and resolve the queries / grievances which are directly addressed to the Company by shareholders after receiving necessary inputs / supporting documents / evidences from M/s TSR Darashaw Ltd.

Moreover, there are certain queries / grievances which are received directly by the Company from Regulatory Authorities such as Registrar of Companies, Securities and Exchange Board of India, Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd, Depositories, etc, such queries / grievances are responded directly by the Company's Legal and Secretarial Team after receiving necessary information / documents from M/s TSR Darashaw Ltd.

The Company has also constituted Shareholders and Investors' Grievance Committee comprising of 4 Directors namely:

1. Mr. Ram P. Gandhi, Chairman and Independent Director
2. Mr. Rajas R. Doshi. Independent Director
3. Mr. Ajit Gulabchand, CMD
4. Mr. K. G. Tendulkar, Non-Executive Director

The Shareholders' / Investor's Grievance Committee monitors expeditious redressal of Shareholders grievances. This Committee meets on a quarterly basis and the status of complaints / grievances which are received from ROC, SEBI, Stock Exchanges, etc are placed before the Committee for its noting.

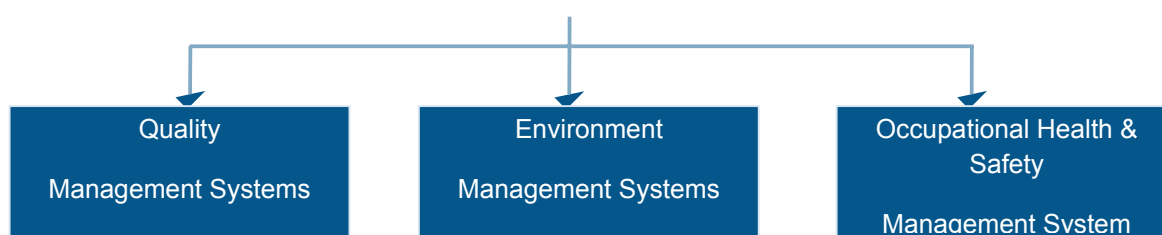
The Company also reports on an annual basis the details of queries / complaints / grievances which are received and attended during the respective financial year in its Corporate Governance Section of Annual Report.

Corporate Policies & Management Systems

Management has established Quality, Environmental and Occupational Health and Safety policies consistent with the HCC Mission and also in line with specific requirements of ISO 9001: 2008 Quality management system, ISO 14001: 2004 Environmental management system and BS OHSAS 18001: 2007 Occupational Health & Safety management system.

These policies are intended to direct and control HCC towards enhancing quality of its products and services, and achieving excellence in health, safety and environmental performance. Quality, Environmental and Occupational, Health and Safety policies are displayed at and communicated to all of HCC's operational areas and also made available to the interested parties. Established policies are reviewed periodically in the management review meeting for its continuing suitability.

HCC as adopted an integrated approach towards quality, environment, safety and has integrated these in business practices, to inculcate a culture of continuous improvement that will enhance quality of the products and maintain the highest standards of environment protection and safety of the safety of the project team to maximize customer satisfaction.



Safety highlights for the year-

- To build a safety culture aimed at continually reducing the frequency severity rate towards achieving zero accidents
- Certified by TUV-Nord
- Continuous scanning of effectiveness through internal auditing- 136 internal auditors
- 154 qualified engineers dedicated to quality, safety & environment
- Constant improvement of Product & Services leading to high degree of customer satisfaction

Risk Management

At HCC, we define risk as the threat of some event, action or loss of opportunity that, if it occurs, will adversely affect either/or:

- Value to the shareholders;
- Our ability to achieve the objectives;
- Our ability to implement the business strategies;
- The manner in which we operate;
- Our reputation.

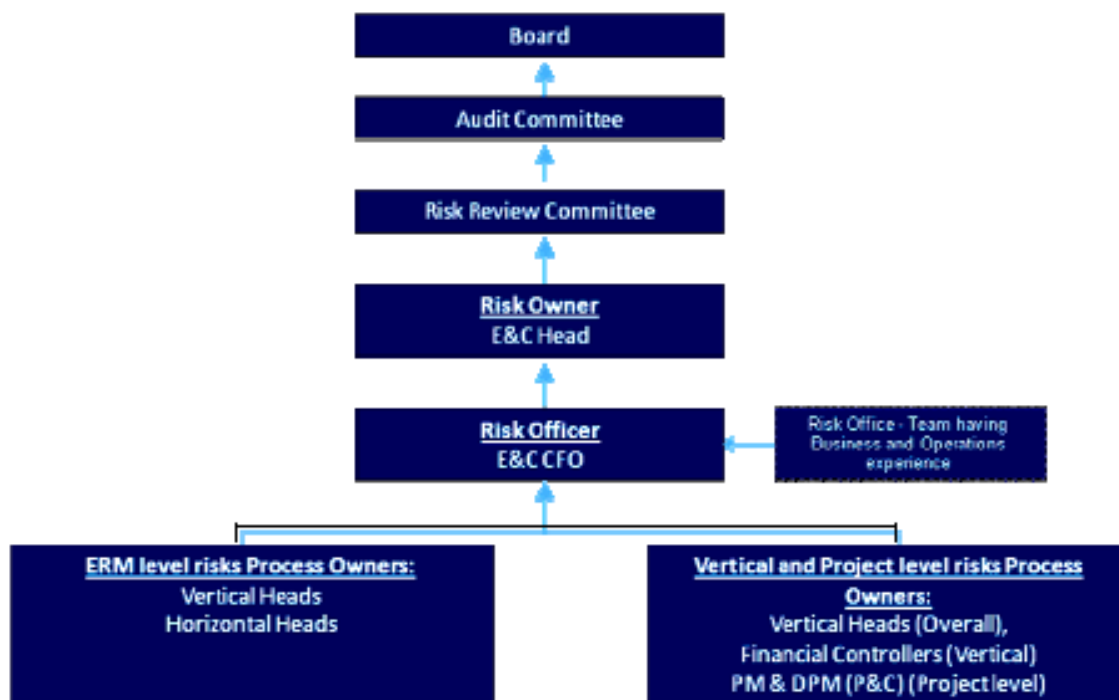
Our Risk Management Policy complements and does not replace other existing compliance programs, such as those relating to service, quality, safety and regulatory compliance matters.

The Risk Management framework is structured at two levels:

1. Enterprise Risk Management, which focuses on overall business level risks and addresses processes and systems to mitigate the risks along with specific action plans
2. Project Level Risk Management, which deals with the risks from the tendering to execution to handover stage.

The implementation of the Risk Management is monitored through the Risk Organization Structure which clearly identifies the Risk Process Owners and details the roles and responsibilities of the key players.

The Risk Organization Structure is headed by the Board of Directors and flows down to individual Risk Process Owners, through communication channels moving through the Risk Review Committee to the Project level, and including the E&C Risk Officer, Vertical and Functional Heads, and Risk Process Owners.



Economic Performance

Our order book increased by 14.7% to Rs. 187,661.1 Million (4180 million USD) and our income from operations increased by 9.8% over the previous year. The profit after tax is not comparable to the previous year due to onetime write offs of Rs. 430 million (9.57 Million USD) on account of the Bandra Worli Sea Link inauguration expenses, political donations, loss on account of final settlement in Nathpa Jhakri JV with the client and loss on sale of assets.

Our turnover was Rs. 38,519.9 Million (858 million USD).

It was a challenging year on account of the volatile political situation in Andhra Pradesh, which slowed down several of our projects and subsequent reduction in our irrigation orders in that State.

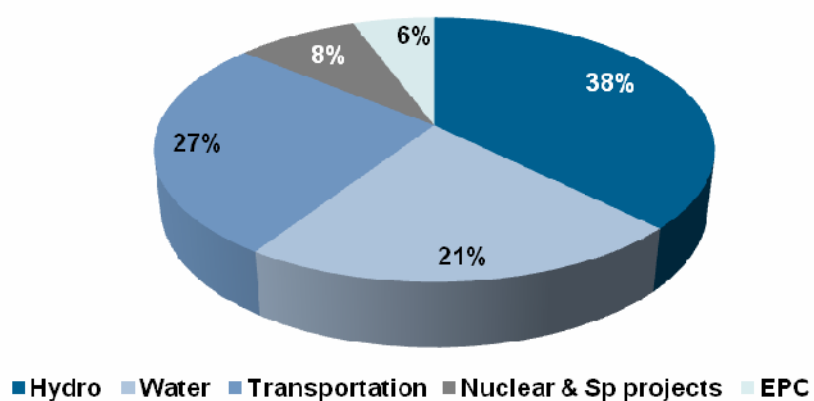
It is significant that we are able to successfully grow our order book during the year, which would lead to significant growth in the subsequent years.

Since 2008-09, EPC contracts have become a component in the order book and we have started making a foray into the private sector, including projects from our subsidiary HCC Infrastructure. The Company continues to develop its EPC capabilities by forging alliances with global technology majors such as AMEC and Halcrow, UK. HCC infrastructure has also entered into strategic partnership with Orascom, Egypt & Vinci, France to develop select large NHAI concessions, including mega projects.

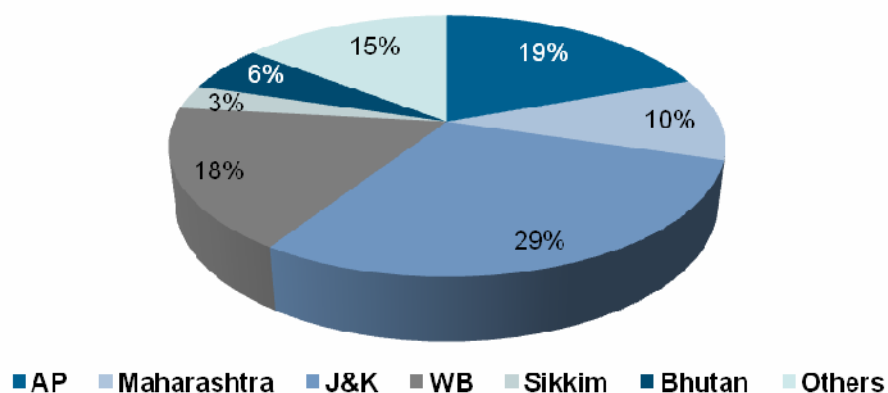
Economic Value Generated & Distributed (EVG&D)	FY 2009-10 (Million INR)	
	FY 2009-10(million USD)	
1) Economic Value Generated	36422.2	810.9
a) Revenues	36422.2	810.9
2) Economic Value Distributed	34752.6	773.7
a) Operating Costs	28050.1	624.5
b) Employee benefits and wages	3943.5	87.8
c) Payment to providers of capital	2294.1	51.1
d) Payment to governments (Indian)	445.2	9.9
e) Community Investments	19.7	0.4
3) Economic Value Retained	1669.6	37.2

We received financial assistance from export credit agencies to the tune of 147.54 million INR.

Segment-wise Spread



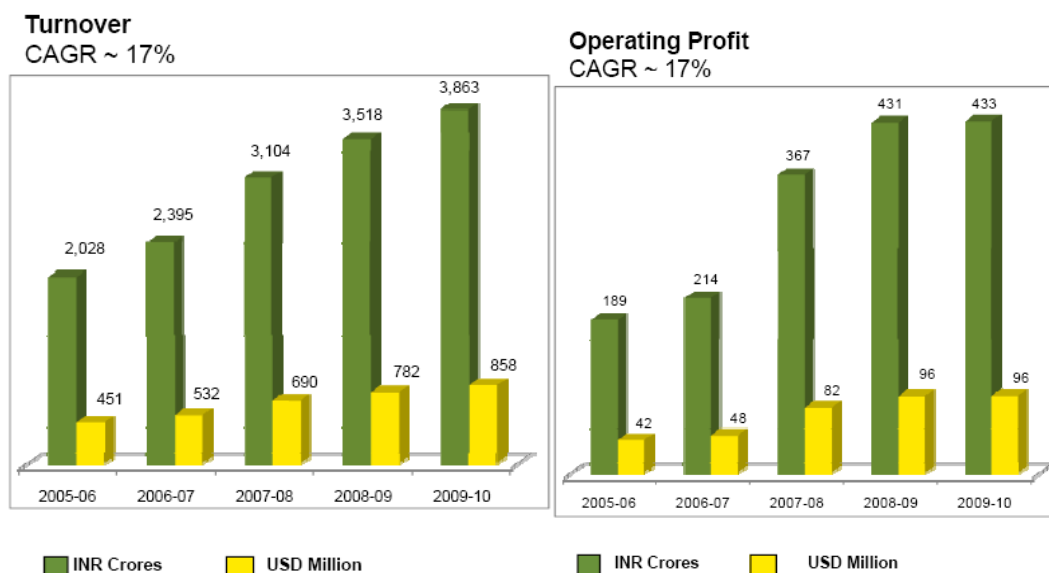
Geographical Spread



Vertical	Opening Order Backlog (1 st Apr 09)	Closing Order Backlog (31 st Mar 10)	Growth %
Hydro	7086	7086	0%
Water	5133	4043	-21%
Transportation	2551	5136	101%
Nuclear & Sp projects	538	1501	179%
EPC	1092	1044	-4%
Total	16400	18810	15%

Fig above- Our balanced portfolio

- Hydro is the dominant sector followed by transportation
- Projects on BOT form 18% of the order backlog
- The order book is spread across various States, thereby reducing dependence on any single state



Local Procurement

Considering HCC's nature of business and the kind of materials used in the projects most of its raw materials are procured from the nearest possible location as it reduces the complexity of logistics that need to be deployed. HCC's endeavor to give preference to suppliers in close proximity also ensures that it provides steady livelihood to them in course of the project duration. The project manager and the procurement in-charge at each project are authorized to procure locally from the nearest suppliers meeting HCCs quality standard for all hardware, general store, consumables like paint and lubricant requirements.

We have defined all procurements within India to be local, and this year too, we procured most of our material locally.

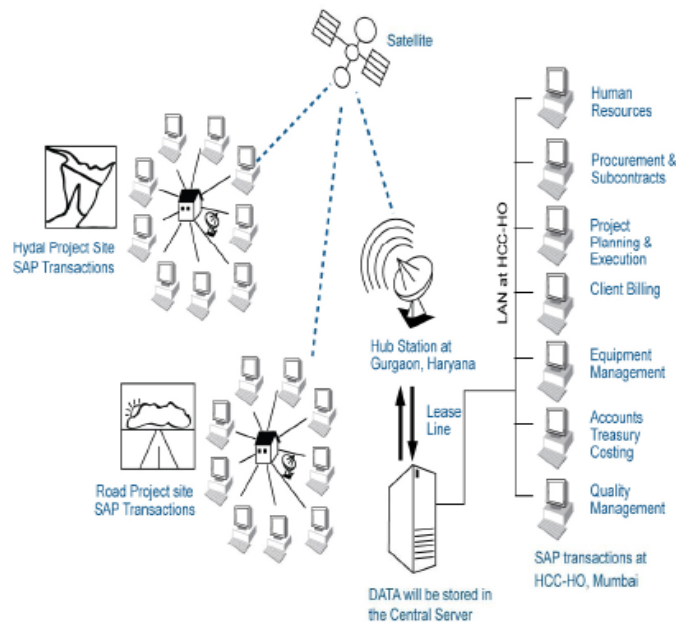


Information Management

HCC's business operations extend to remote project sites spread across different states. Creating, establishing and developing best-in-class processes and systems across these sites are fundamental to developing the Company's competitive strength.

HCC is the first Indian Engineering & Construction company to establish and implement an Integrated Management System (IMS) which was certified by TUV-Nord. The aim was to integrate the quality management systems, the environmental management systems and the occupational health & safety management systems under one umbrella. There is a continuous scanning of the effectiveness of the system through internal audits and the desired end result was to enhance the customer satisfaction through a robust mechanism.

The information system focuses on some key metrics like inventory reduction, wastage control, contract management, workforce productivity, equipment utilization and reduced POL consumption. Due to the nature of the terrain and the challenge of connectivity in remote sites, HCC has deployed a satellite based network so that there is no dearth of information at each of the project sites. The real time data is available to the sites via SAP and they take decisions based on it.



Local hiring, retirement benefits

We are committed to generating employment opportunities within the local community we operate in. Any contractual / statutory requirement regarding hiring of locals is adhered to. We comply with all statutory and government regulations including minimum wages.

We provide the following retirement benefits to our employees-

1. Group Superannuation Scheme with LIC (defined contribution plan),
2. Family Pension Scheme under Employees Provident Fund
3. Gratuity
4. Provident Fund

There is a separate Trust for Provident Fund and superannuation scheme with LIC of India whereas for others, plans are met by general resources.

Indirect Economic Impact of HCC's presence in remote areas- Teesta

The HCC Teesta VI project, which started operations in Sikkim in June 2008, has been a boon to the local community by-

- Providing suitable jobs in the project in various departments as per the qualifications of the local people
- Providing small contracts for development of infrastructure.
- Developing local people into suppliers.
- Facilitating development of local contractors for infrastructure and tunnel works.

There are about 23 local contractors who have benefited from HCC's presence in the area. A few of them have become tunneling contractors, Material suppliers, Restaurant owners and a few have started their own business. In this respect their economic stability has improved.

Equipment Fleet:

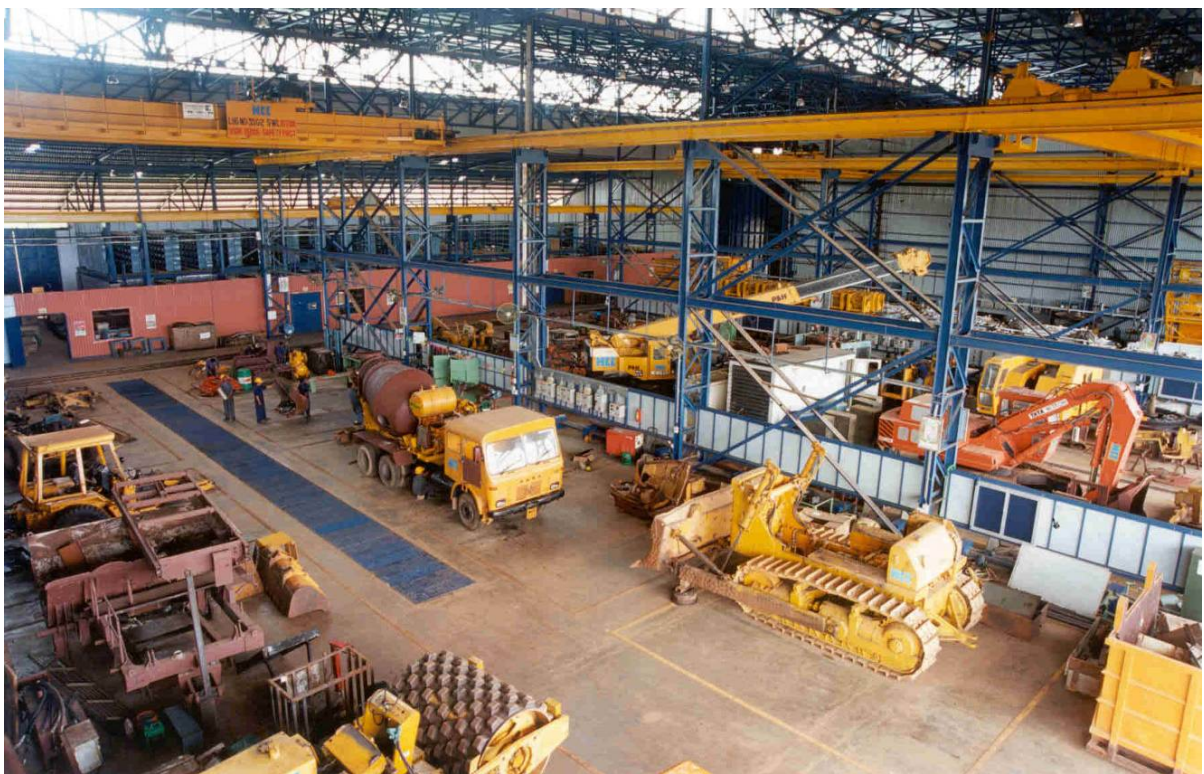
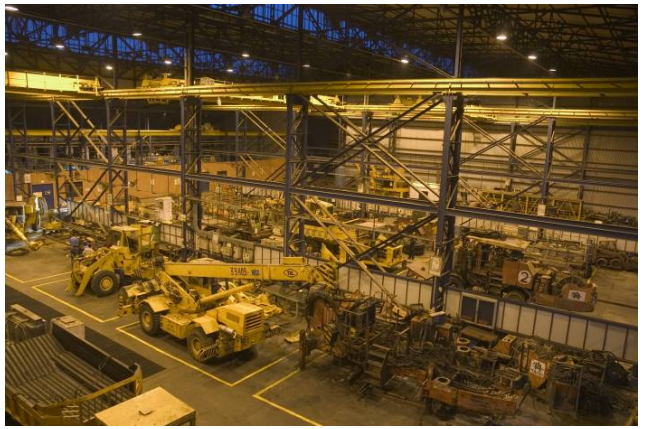
- * **Modern fleet of equipment valued over Rs.1,5000 million (USD 331 million)**
- * **State of art workshop, spread over 100 acres**
- * **Automated equipment management system**



Tara workshop:

HCC's Construction Equipment asset base is amongst the largest in Asia. This application specific and generic equipment range is supported by world class maintenance practices as well as a modern, fully equipped Centralised Workshop & Fabrication facility with a built up area of 7 acres, located on a 100 acre complex near Mumbai.



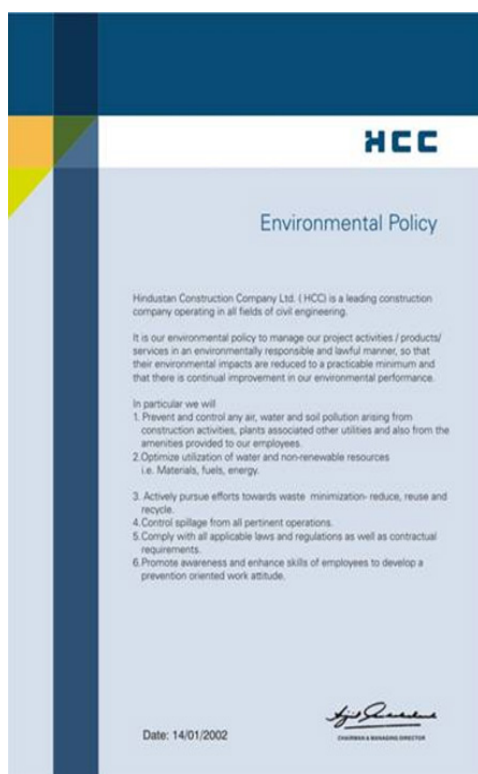


Environmental Performance

Caring for the Environment

Striking a balance between economic objectives and environmental viability, HCC's goal is to execute projects that harmonise with the environment and enhance the quality of life of the communities in which they operate. It adopts a proactive approach towards environmental management and aims to minimise the environmental impact in planning, design and construction by controlling waste, preventing pollution and using resources efficiently.

The HCC environmental policy-



To manage our projects activities/products/services in an environmentally responsible and lawful manner, so that their environmental impacts are reduced to a practicable minimum, and that there is continual improvement in our environmental performance.

In particular we will:

1. Prevent and control any air, water and soil pollution arising from construction activities, plants, associated other utilities and also from amenities provided to our employees.
2. Optimize utilization of water and non-renewable resources, i.e. Materials, Fuel, Energy.
3. Actively pursue efforts towards waste minimization - reduce, reuse and recycle.
4. Control spillage from all pertinent operations.
5. Comply with all applicable laws and regulations as well as contractual requirements.
6. Promote awareness and enhance skills of employees to develop a prevention oriented work attitude.

Material consumption and reuse

We have implemented the use of close to 197 Kilo Tons of recycled material in all our projects this year (especially in our road projects and the Hydro solutions).

We are focusing on better inventory management.

For the purpose of reporting, we arrived at a list of 'Top 20' materials used, in all our projects across the four verticals typically, by weighted average of volume and value. The list includes the following items-

List of Materials	
S.No.	Raw Materials
1	Natural Sand
2	Crushed Sand
3	Earth (any form in which it is consumed in the process)
	Semi-manufactured goods or parts
4	Ready mix concrete
5	Fly Ash
6	Cement
7	Reinforcement Steel
8	Structural Steel (report only what is used in the final product)
9	High Tensile Strand
10	Bitumen
11	Explosives
12	Admixtures
13	Aggregates (include boulders here)
14	Valves
15	Welding electrodes
16	Pumps*
	Associated Materials
17	Grease, oil, lubricant, etc.
18	Acetylene
19	BMCG
20	Oxygen

Summary		
Source	Unit	2009-10
Raw Materials	Tons	1200887
	Cu. m	1737992
Semi Manufactured goods	Tons	4267427
	Cu. m	645689
	Sq.mtr	133358
Associated Materials	Tons	14418.43
Total materials in Tons		5482732

Case Study: Fly Ash Utilization at Badarpur Elevated Highway Project

The availability of soil for this project was a major problem before the implementation of the use of Fly ash. Under normal circumstances, top soil is used which would degrade the fertility of cultivable land. Fly ash on the other hand is a waste product and utilizing it for filling can help to prevent the destruction of fertile land and conserve the topsoil. As a waste product, the fly ash would have otherwise been dumped and therefore used up additional useful land. In addition, the location from where the soil is sourced is approximately 20 Km away, while the fly ash is sourced from 10 Km away. This led to reduction in time and cost of transportation as well as the added benefit of fewer fuel emissions.

Material	Quantity	Cost after laying (Rs./cu. m)	Total Cost (Rs.)
Soil	20,000 m ³	160	32,00,000
Fly Ash	20,000 m ³	121	24,20,000

TOTAL SAVINGS: Rs. 7,80,000

Case Study: High Volume Fly Ash Utilization at Rajasthan Atomic Power Project Unit 5&6

Fly ash had never been used before in any NPCIL projects in India. In the past, project teams had expressed their concern about the performance of fly ash in nuclear projects. Nuclear power plants are subjected to specialized and stringent design specifications keeping in mind the greater safety margin and longer lifespan. This would result in congested reinforcement structures which require concrete with improved pumping and placing abilities. At NPCIL's Rajasthan Atomic Power Project Unit 5&6, High Volume Fly ash was utilized for the very first time in self compacting concrete, normal concrete and backfilling. The High Volume Fly ash was able to adequately meet and satisfy all the stringent design and specialized requirements and was sampled and tested at various stages. The fly ash was procured from the Kota thermal plant located 60Km from the project site.

Grade of Concrete	% of Fly Ash	Quantity Poured (m3)	NET COST SAVING: Rs. 300/m³
N25	40	52,300	
N25	23	3,450	
N15	25	16,540	

Benefits

Huge Improvement in pumpability of concrete

Elimination of surface defects in concrete

CO₂ emission reductions to the extent of 11,000 MT

Less manpower required due to use of self compacting concrete

Faster placement of concrete using SCC

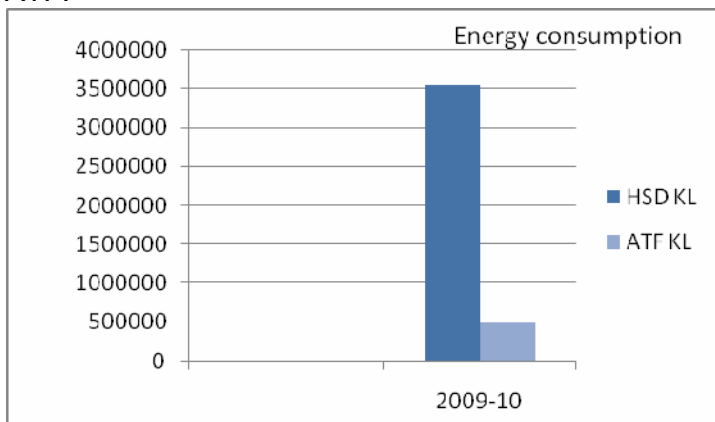
Excellent performance, proving its potential in any kind of project involving any type of concrete



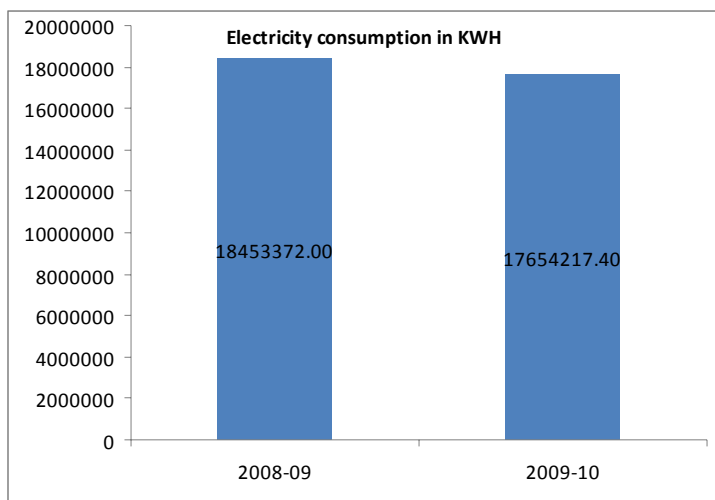
National Award Winner: Fly ash utilization in the category of **Facilitator** for use of fly ash based self compacting concrete in Nuclear Power project in the year 2005

Energy

The primary need of energy in our sites that do not have access to the grid is met by the use of HSD to power the gensets. Our overall dependence on the grid has reduced by 4% over the last year. During winter, the roads leading to our projects in J&K are inaccessible and hence we use choppers to ferry our employees and some construction material to ensure the timelines are met with. The few months of winter thus see a surge in the use of ATF.



We consumed a total of 4048228.25 KL of fuel during the year, which includes HSD and ATF



Energy Savings –

Our direct energy savings from various initiatives undertaken across the water, hydro and transportation sites during the year was 52355.28 GJ⁵

Energy conservation is entrenched in our thinking and the way we conduct our business operations. We engage with our employees, peripheral communities and wider communities and spread awareness on energy conservation.

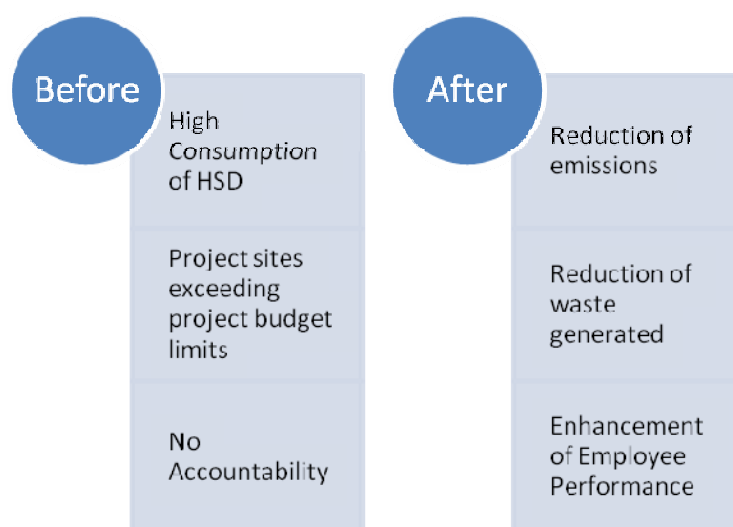
⁵ This includes data from the following sites- Lucknow 1,2,3,4, Assam Project, Mughal Road(Transport vertical), Chamera, Chutak, Pir Panjal (Hydro Vertical), Polavaram (water Vertical)

Our total direct GHG emission for the year was **10644375.33 tons of CO2 e.**

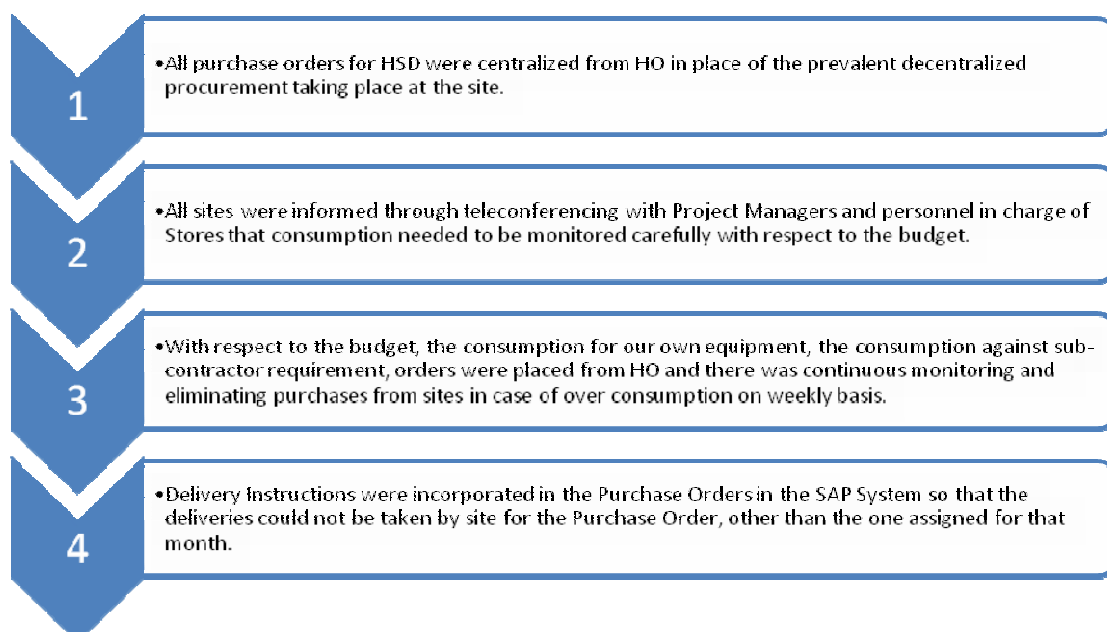
Our commitment to protect the environment goes beyond energy management and control of GHG emissions. At all our project sites, we ensure that the emissions from the DG sets are well below stipulated limits.

Case Study: Fuel Consumption Management

The value of HSD consumption amounts to 5-7% of the project. Considering the high cost of HSD, an initiative was launched from the Head Office to centrally control the consumption of HSD. The results were savings on the cost of HSD as well as the conservation of resources. This project was implemented across all HCC project sites.



Implementation:-



Bandra worli Sea link project - Energy Conservation

In the competitive world of construction and fast track projects, being cost conscious and energy conscious is essential, and with this in mind, we initiated the energy conservation program. For the bridge work we utilized power from the Grid for plant and equipment at on shore locations and Diesel Generators were used for offshore / marine working locations.

Abstract of saving

Description	Year Implemented	Total Savings (Rs. Lakhs)	Investment (Rs. Lakhs)
Optimization of Batch ing Plant	2004	3.33	2.50
Optimization of Electric Compressors	2004	2.62	1.00
Iceplant modification- Compressor Change	2004	4.62	18.00
Grid Power Utilization instead of DG Sets in Launching Truss	2005	16.08	3.00
Grid Power Utilization instead of DG Sets for marine works	2005	9.82	1.50
Power Factor Incentives	2006	4.63	2.50
Optimization of DG sets for 3 Pile cap location (by handling cable)	2004	32.65	6.00
Small DG used for Illumination- marine works	2005	21.60	0.00
Replacing halogen lamps (1000 watts) with HPSV metal Halide lamps (400 watts)	2004	13.60	11.20

Water management

Water isn't just an environmental issue. It also an economic and a business issue as it forms the common denominator amongst problems plaguing economic development and environmental degradation. This was the starting point for HCC to become a signatory of 'The CEO Water Mandate' in March 2008.

HCC is the First Indian endorser to The CEO Water Mandate. In line with the Call for Action under these United Nations initiatives, HCC has initiated activities towards better water consciousness and sustainable business practices. There is a dedicated team to implement 'The CEO Water Mandate' activities. The team comprises specialists in the water sector with multi-sectoral experience from regulatory and industrial sectors, community development and engineering. All water related technical and community interventions are coordinated and monitored by this team.



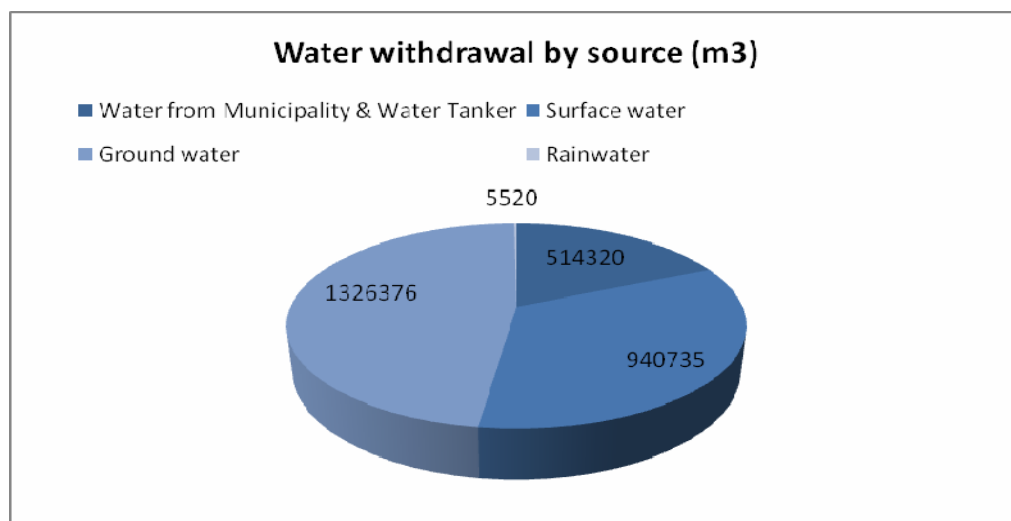
The CEO Water Mandate

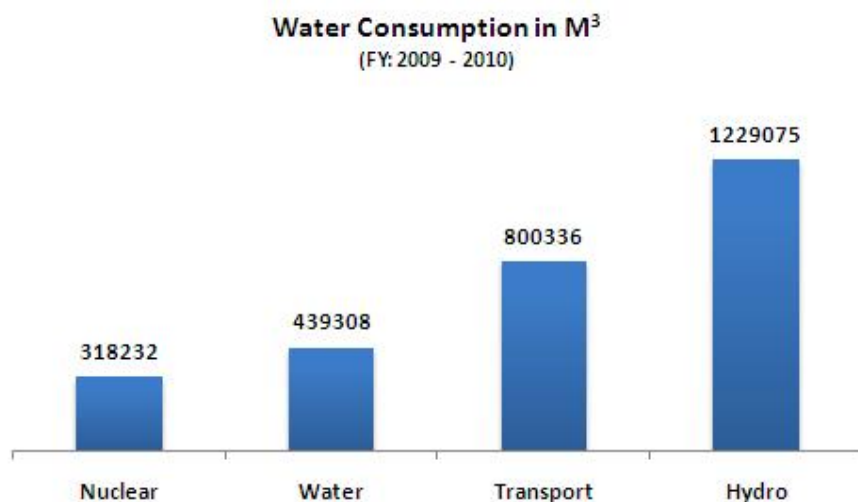
of water as integral to the construction planning of all HCC's sites"

"Endorsement of 'The CEO Water Mandate' has helped HCC take focussed action towards embedding water consciousness throughout the Company. The core elements of the Water Mandate framework catalyzed the processes needed to be a water conscious company. All levels of staff, from senior managers to site workmen, now consider well-being

Ajit Gulabchand (Chairman & Managing Director)

Our total water consumption for the year stands at 2.79 million Cu. m including ground water sources, surface water, rain water and water from Municipalities and water tankers.¹





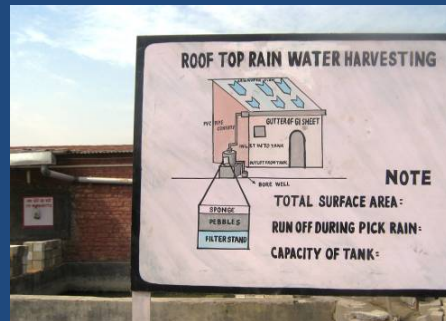
We recycled 502148.2 cu m of water across our project sites in the four verticals during 2009-10. Our water withdrawal from utilities and surface water has seen a decline over the last year owing to increased number of sites taking up water recycling and reuse methods.

We take care to monitor the quality of water being discharged from our premises. Owing to the dynamic nature of the construction activity, we are yet to be able to provide figures for total water discharged, but we are in the process of installing water meters at most of our project sites, which would make this possible in the future.

Rainwater harvesting at Mirzapur

At the Mirzapur casting yard of the Badarpur highway road project, an artificial pond of capacity 1614 Cu. m was created with an investment of INR 274,000. The peak runoff in its catchment is approx 1200 Cu. m. The recharge performance of the pond was closely monitored for the 6 rainfall spells between July 27, 2009 and August 29, 2009 where precipitation ranged from 25 mm to 72 mm. A recharge of 4800 Cu. m was observed till August 31, 2009 which is likely to benefit the nearby farm lands

The office building and the staff camp building at Mirzapur have been connected with rain water harvesting system. The system drives the rain water collected from the roof top into a filtration tank. The outlet from the tank is connected with the live bore well. In the tank the collected water gets filtered and then goes into the bore well.



Global Outreach

Roundtable on Water Security

The UN Leadership Forum on Climate Change accorded a rare recognition to HCC's role in water resource management. Acknowledging the initiatives taken by the Company, the Leadership forum invited the CMD Mr. Ajit Gulabchand to participate in a Roundtable Discussion on the global crisis in water and sanitation held at the UN headquarters in New York on September 22nd, 2009. The summit focused its attention on the need for urgent action on issues that impact Climate Change.

Habitat Business Forum 2009

In July 2009, HCC enunciated on 'Business opportunities with International Organizations' at the Habitat Business Forum. HCC highlighted the need for transformation from the business as usual approach to a water cognizant, multi stakeholder partnership oriented approach

United Nations :

HCC is the only Indian company to endorse UN CEO Water Mandate in March 2008. HCC was a part of Policy Engagement Working Group and a member of Steering Committee of the mandate.. The policy engagement working group participated in the development of "Guide to Responsible Business Engagement with Water Policy". This guide origins date from the CEO Water Mandate's Third Working Conference in Istanbul at the 5th World Water Forum (March 2009), where endorsing companies and key stakeholders first expressed their interest in the development of a guidance document for responsible business engagement with water-related public policy. The document developed offers practical guidance for companies wishing to promote sustainable water management in the catchments in which they operate, while providing insights as to the challenges of engaging with external water policy issues. This document was launched by the UN General Secreatry Mr Ban Ki Moon and HCC Chairman and Managing Director at Un Leadership Summit in NYC in June 2010 .

Steering Committee of the UN CEO Water Mandate is responsible for the governance of the mandate, charged with strategic, administrative and financial arrangements. Steering Committee consists of corporate representative, representing different geographies and serving one-year terms, and one representative of the UN Global Compact Office HCC represented the Asia Pacific region in this committee

Stockholm World Water Week 2009

Sustainable water management is critical to ensuring that local communities, industry and the environment have safe, reliable, and sufficient water supply to meet their combined needs. A critical component of successful water management is the identification and development of 'win-win' investment opportunities that attract public and industry (private) investment.

The World Economic Forum's Water Initiative, through the Confederation of Indian Industry and the NEPAD Business Foundation, has sought to identify and overcome barriers to successful industry-community public-private partnerships (PPPs) through neutral multi-stakeholder platforms.

HCC participated in such PPP session during Stockholm Water Week, to explore different approaches to mainstreaming industry-community water investment, as well as assisted in developing practical & feasible strategy for path forward in Davos 2010.

COP15: High-level Roundtable on Private Sector Solutions for Climate Change in Asia and the Pacific

On 10 December 2009 at Bella Centre, Copenhagen, TERI-Business Council for Sustainable Development (BCSD) India in association with the Asian Development Bank (ADB) organized a 'High-level Roundtable on Private Sector Solutions for Climate Change in Asia and the Pacific' as an official COP15 side event. The roundtable was chaired by Nitin Desai, Chairman, TERI-BCSD India, and Former UN Under Secretary-General and the invited distinguished panelists included Ajit Gulabchand, Chairman and Managing Director, Hindustan Construction Co Ltd; Meera H Sanyal, Country Executive, ABN AMRO Bank NV; Leena Srivastava, Executive Director, TERI; Harry Verhaar, Sr Director, Philips Lighting; Cristina Rumbaitis del Rio, Team Leader, The Rockefeller Foundation; and Philippe Forestier, Executive Vice President, Dassault Systemes. Senior representatives from academia, private sector, non-governmental organizations, and media were also present.

The panel discussed on the role of private sector engagement on climate mitigation beyond renewable and energy efficiency and the technology face of the energy sector and more looking at 2050 with the GDP being five times larger and a ten-fold increase in productivity. Mr. Ajit Gulabchand spoke of resources depletion, especially water, and how private sector can participate in voluntary initiatives like UN Water Mandate to form a unified platform for development, implementation and disclosure of water sustainability policies and practices. Mr. Ajit Gulabchand further offered key inputs in integrating climate change adaptation and not just carbon mitigation into its core business and addressed the changes which are unavoidable in the climate and resources of the world.

World Economic Forum Annual Meeting 2010

The World Economic Forum Annual meeting in Davos brought together leaders from governments, business, civil society, academia and media to discuss the most pressing issues facing the world today. At a session on “Rebuilding Water Management”, Nestlé Chairman Peter Brabeck-Letmathe, part of a panel comprising Tsakhiagiin Elbegdorj (President of Mongolia) Ajit Gulabchand (Chairman and Managing Director, Hindustan Construction Company), Michael Mack (CEO, Syngenta), and Ajay Vashee (President, International Federation of Agricultural Producers) explored the challenges water management will face in the next 20 years, its relevance and impact on issues such as health and security, as well as how best to implement information systems tools to protect and strengthen water management. Mr. Ajit Gulabchand further emphasized on creating policy drivers based on water cost curve from report “Charting our Water Future” developed by 2030 Water Resources Group. The implementation of projects featured in the cost curve will serve as a tool to reduce the water demand-supply gap in 2030 and sustaining the scarce water resources.

World Sustainable Development Forum: DSDS 2010

Beyond Copenhagen: New Pathways to Sustainable Development

The DSDS (Delhi Sustainable Development Summit) – organized each year by TERI since 2001 – brings together the world’s finest minds and leading thinkers on one platform to deliberate over the challenges of sustainable development. The tenth edition of the annual summit was held during 5–7 February 2010. As in previous years, DSDS 2010 also engaged heads of governments, Nobel laureates, corporate CEOs, academics, and representatives of bilateral and multilateral organizations, and research institutions.

Mr. Ajit Gulabchand, Chairman and Managing Director, HCC; participated as a speaker in the session “The Urgency of Sustainability in Business” and gave inputs on establishing linkages of water with business sustainability. He also shared his experience of being only Indian company to endorse UN Water Mandate and the efforts taken by HCC to demonstrate its water consciousness.

Further, the focus of this session was to identify best practices and the way forward for participation of the business community in tackling the issue of climate change, more so in the context of the current economic downturn. It was emphasized that apart from the government and businesses, the civil society will also play an important role in the future, given its ability to reach the grass-roots level. Various initiatives by the corporate sector were cited in this regard. It was highlighted that the government, with its existing strengths, should be treated as a partner and frame policies to encourage innovation. It was also pointed out that the government has an important role in raising awareness about green consumerism.

India Business Alliance on Water-Facilitating Public-Private-Community Partnerships in the Water Sector

Indian Business Alliance on Water (IBAW) is a non-biased multi-stakeholder platform involving all sectors of society to resolving the water challenges and contributing to the development and sustainable management of India's water resources. In particular, IBAW focuses on building and supporting public-private-community partnerships (PPCP) that are industry-led and seek to promote sustainable water management that have a strong business case while at the same time assuring benefits to poor communities in rural and urban areas by way of enhanced water availability for livelihoods, drinking water security and environmental sustainability.

IBAW generated first state wide alliance PPCP alliance in India on water and is known as the Rajasthan Community Business Alliance on Water. Besides IBAW has mobilized around 1000 corporate organizations through its various activities including PPCP projects, attendance in water summit and water awards for industry led initiatives "within and beyond the fence".

HCC is one of the private companies working closely with IBAW, on similar functioning model of RCBAW. This will enable IBAW to benefit from private companies know how, use their assistance to approach and advocate with state governments and benefit from their staff skills through deputation of private company staff to IBAW (on short term basis). The deliverables will include- PPCP projects brokered in the state and contribution of projects to achieve Millennium Development Goals, reaching out to poor, disadvantaged and other oppressed groups.

Participation in advancing CEOWM initiative

HCC actively participated in Policy Engagement Group and a part of steering committee of CEO Water Mandate Initiative. HCC also disseminated its Communication On Progress 2009 with covering letter signed by our Chairman and Managing Director, Mr. Ajit Gulabchand to the Central Ministry of Government of India, large public sector companies and planning commission; advocating the water scarcity issue as a prime concern for our sustainability.

Some of our other water saving initiatives is as follows-

Reuse of Tunneling waste water at Maroshi Ruparel Tunnel Project

The initiative of reuse of tunneling waste water generated from construction activity was undertaken at the Maroshi Ruparel Tunnel project in August 2009. The waste water is being used in the flushing of toilet blocks located at the project site. The estimated number of users, including workers and officers, is 440 per day and the water quantity reused from August 2009 to March 2010 is approximately 1850 M³.

Water Free Urinals at our Corporate Office

As a pilot project, Water-free lavatories were installed at the HCC Corporate Office in June 2009 to test their suitability and in turn to recommend the same at all new HCC sites. The lavatory relies on a cartridge based liquid biodegradable sealant. According to HCC's experience, the key factors for its effectuation are cultural adaptation of users, a vigilant housekeeping staff and the performance of cartridge sealants in sub zero temperatures as most of the HCC's Hydro projects are located in Himalayan Region.

For HCC to mainstream the use of water-free lavatories, attempts at measuring the performance were made. Vendors for flushing actuator company and the water-free lavatory suppliers were requested to develop 'lavatory usage digital counters', with academic support, arranged by HCC. Such product and technology development was not material to both the vendors.

Initial capital cost and high Operations & Maintenance cost led to switch over of technology from cartridge to membrane based water free urinal for which HCC established dialogue with membrane based water-free lavatory vendors and collected regular performance feedback from a membrane based water free lavatory user institution (named Adarsh Vidya Mandir with 2,500 users) through Kulgaon Badlapur Municipal Council, Maharashtra.

These Waterless urinals led to 100% saving of water and are odorless because of smell trap membrane technology. There is also saving of energy (no necessity to pump flush water into the Overhead tank) and saving of piping costs (no flush pipe necessary) in these systems. In November 2009 four such membrane-based water-free lavatories (MWFUs) were installed on the fourth floor of HCC corporate office. In past six months there was saving of 20,000 Litres of fresh water.

We are planning to install such membrane based water free urinals at its construction project site across India.

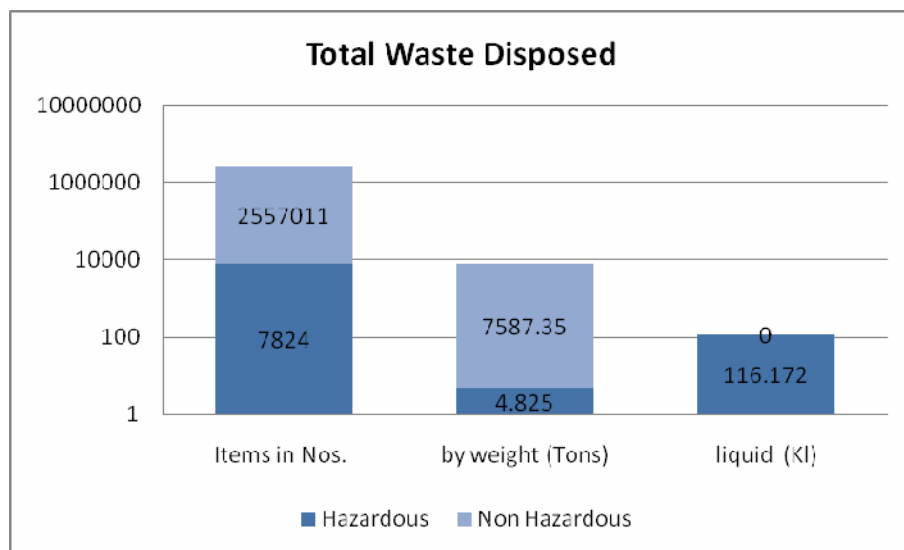
Effluent and Waste management

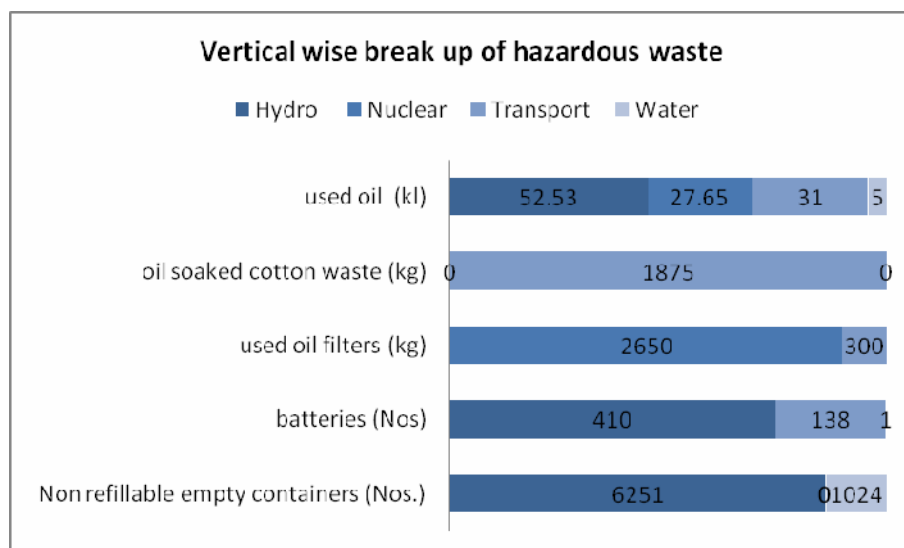
As a responsible organization we have diligently looked at waste reduction as a path to achieve operational excellence right from the inception. Targeting “Zero effluent sites. Wherever possible we have set up treatment facilities for the used water and have reused it in our process, and by next year, we intend to do this across our project sites.

We dispose hazardous wastes through authorized recyclers, and have also signed agreements with organizations such as BASF at some of our sites for return of refillable empty cans. The waste generated and disposed during the year is as follows-

Summary		
Source	Unit	2009-10
Hazardous waste solid	Tons	4.82
	No's	7824
Hazardous waste Liquid	KL	116.17
Non Hazardous waste	Tons	7587.35
	No.s	2557279

Our typical hazardous wastes, disposed through authorized recyclers consists of items such as batteries, oil soaked cotton waste, non refillable empty containers and used oil filters. The liquid hazardous waste is used oil.





At Chutak, Tunnel muck (Boulders) are being crushed in our own Crushing plant for in house production of Aggregate, which is one of the co-products in RMC production.

Vizag – Water Reuse Plant

Tunneling is the primary activity in the Vizag Cavern Project. The construction activity generates 0.6 to 1 ML of wastewater per day. A water reuse plant of 1 MLD capacity was installed to produce treated water with an investment of INR 3.6 Million. The reuse of water has led to substantial cost of water and has reduced the stress on local aquifers.

The plant uses inclined plate settlers and pressure filters as principal technology for treatment. Water saving in FY 2009 – 2010 is 172 ML. The investments in the Water Reuse Plant were recovered in 55 days, due to the water savings. It also had the added benefit of maintaining continuity of business operations during the delayed & scanty monsoons experienced in 2009.

Spill Management

There have been no significant spills during the reporting period.

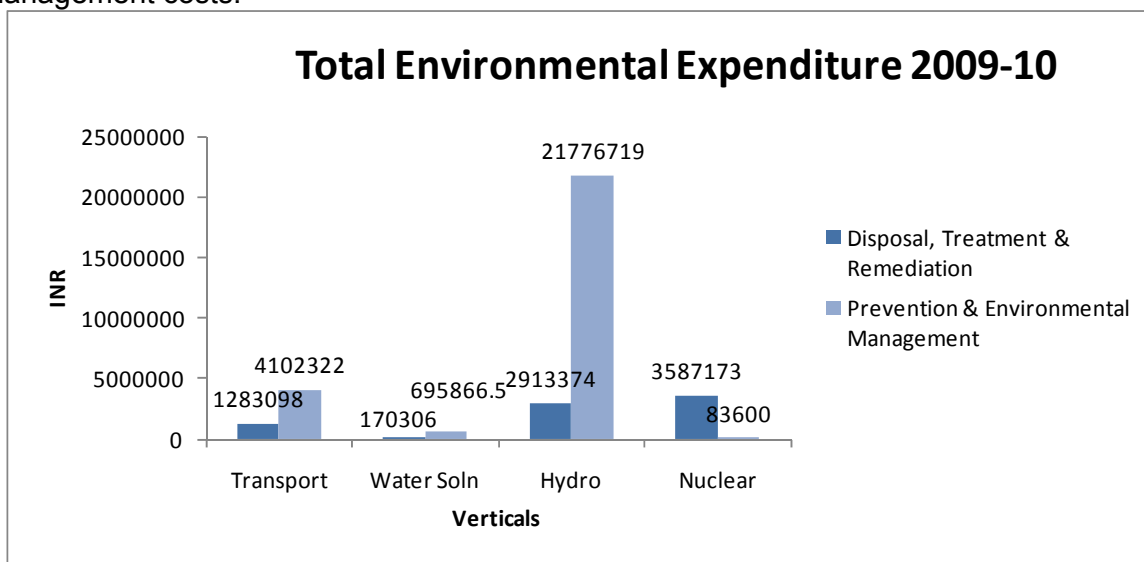
Emissions management

The Company lays emphasis on controlling air pollution primarily at source rather than end-of-the-pipe treatment. The concept of air pollution control at HCC stretches far beyond monitoring and control of stacks designated in the consent order of the SPCB. NOX, SOX, SPM across the board are well within the stipulated statutory limits. Our total direct GHG emissions for the year is 10644375.33 tons of CO₂e

Environmental expenditure

Environment protection calls for large expenditures, because of which it might act as a deterrent for a business to spend towards environmental conservation and protection to achieve the goal of environmental sustainability. HCC has always laid emphasis on preserving the environment and reducing its impact on the environment through investments aimed at projects and activities towards pollution abatement, safe disposal of hazardous wastes from our sites and other preventive environmental management techniques.

In 2009-10 we spent close to 26.7 Million INR on prevention and environmental management costs.



Sustainable Investing

In line with our commitment towards strategic investments for the future we are planning to procure new technologies and upgrade few existing ones to help us achieve efficiency and conserve our resources.

During the reporting period there were no significant monetary fines paid or non monetary sanctions levied.

Innovation at HCC

As part of HCC's strategic plans for business growth and organizational development, Innovation has been identified as one of our key priorities. In a way, innovation is not new to HCC. Several landmark projects that HCC has to its credit are attributable to the creativity of its people. Every day at our project sites, some form of innovation is undertaken, to meet deadlines or optimize resource availability. But now with increasing competitive pressure and the need for differentiation, adopting a formal and systematic approach to innovation has become pivotal to success. We would like to foster a culture of innovation in our organization so that we execute projects with the most innovation methods which save time and cost while maintaining high quality & safety standards.

So also, with the aim to embed innovative thought process in HCC's DNA, an initiative called Innovation framework has been launched. G. Bain & Co has been helping HCC in this endeavor that was kicked off in May this year (2010).

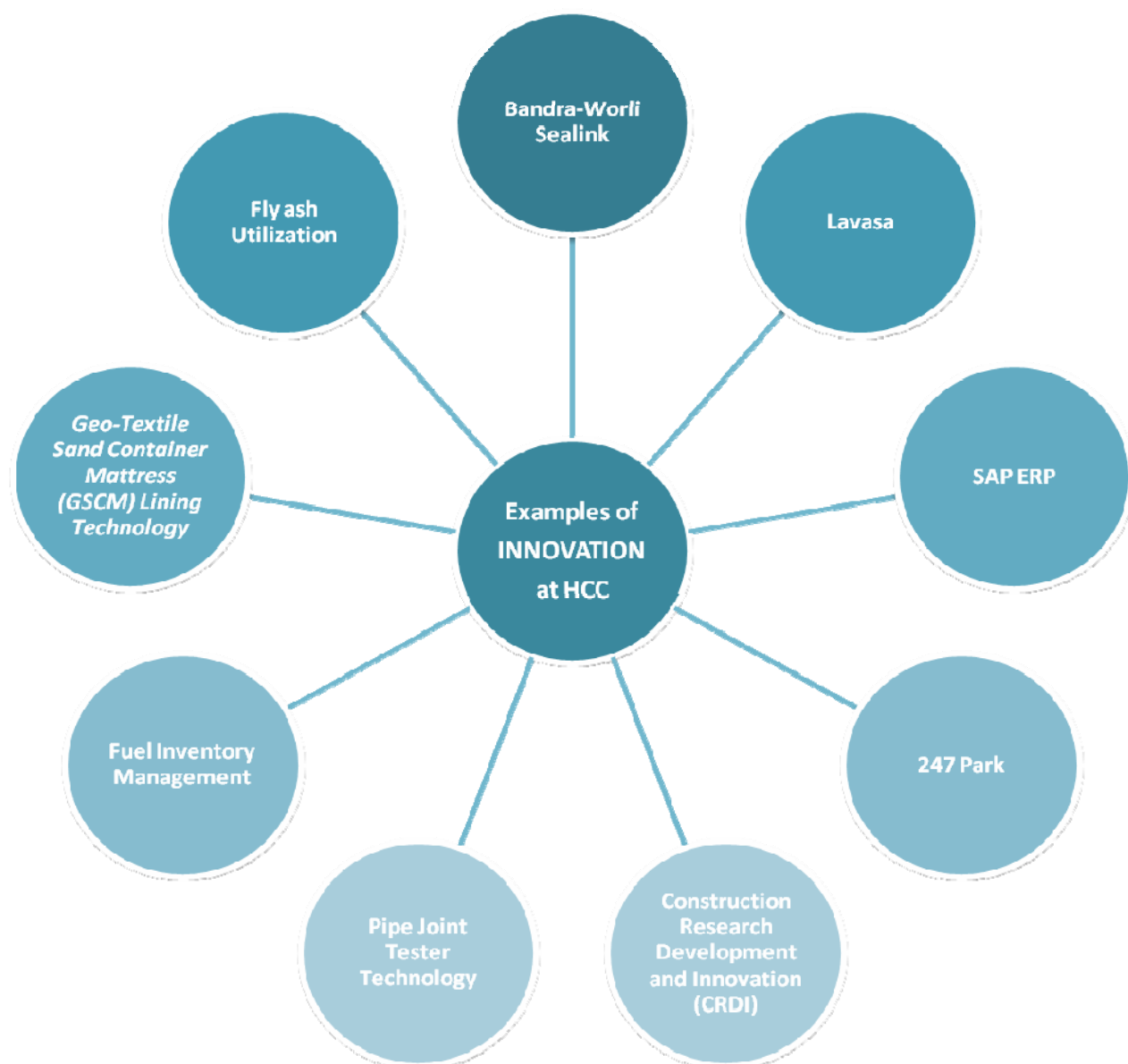
The key objectives of this initiative are

1. To create an innovative culture in the organization which will facilitate to execute project with the most innovative methods in order to save time, maintaining high quality and EHS standards.
2. To create necessary infrastructure to facilitate and promote innovation
3. To capture ongoing innovations in the company (at site and HO) and reward employees who have exhibited "innovative spirit"

The following activities have been undertaken as a part of the initiative

- **Creation of innovation cell:** A dedicated innovation cell has been set up to run and manage programs for promoting innovation. A dedicated manager is being identified to lead this cell. Key functions of this cell are
 - Internal idea capture:
 - Launching programs/running competitions for getting solutions to real life business challenges
 - Encouraging documentation of on site innovations
 - Managing idea evaluation and implementation process
 - External idea capture
 - Managing knowledge repository
- **Development of an online portal:** A web portal is being developed to allow employees to share ideas easily. Care is being taken to ensure the website is easily accessible to all site employees as well. A contest to get a name and tagline for the portal was launched in June. The name of the portal and the winners will be announced at the time of launch.
- **Marketing at Sites:** Sites are the torchbearers of innovation. So also, DPMs have been nominated as Site Innovation Champions and are mandated to lead innovation effort at sites. Simultaneously, a plan has been outlined to create awareness about the initiative and the portal

Simultaneously, other activities such as detailing of idea evaluation process, defining a mechanism for external idea capture, drafting of a rewards policy are also underway. The portal is expected to go live end of September or early October 2010.



Case Study: SAP ERP Implementation

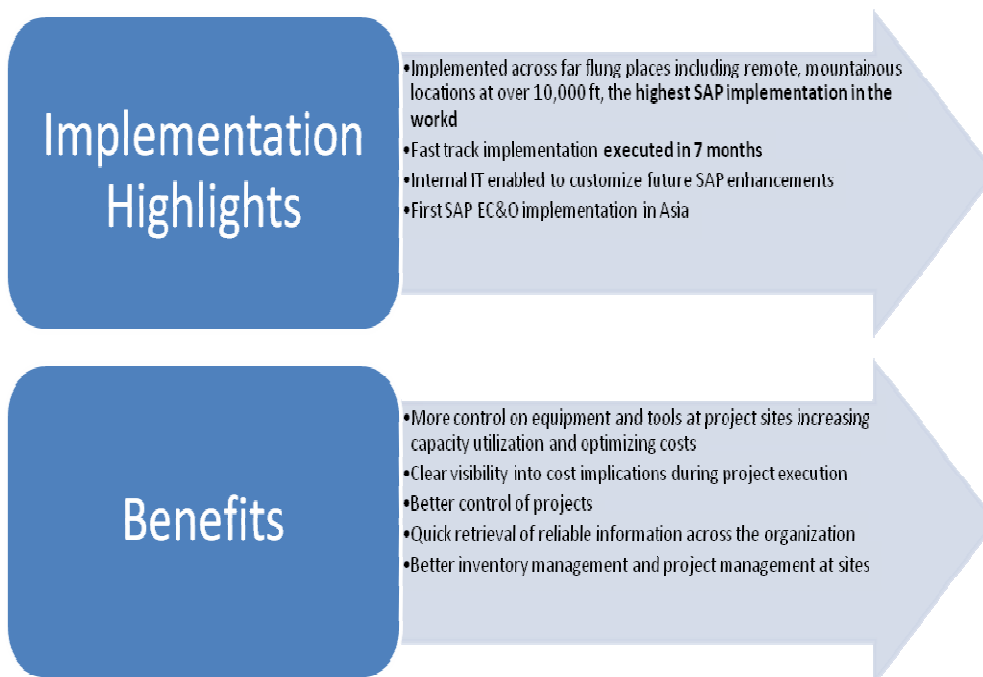
HCC operates and executes diverse and complex projects in far flung locations, and we realized the need for ongoing visibility into our projects and to adopt world-class practices in order to scale up rapidly in response to increasing market opportunities.

Hurdles in information access made project tracking difficult and support was needed to sharpen project control and execution. A new business model was required, which would help us diversify and improve our profitability and growth rate.

In SAP ERP, we have found the right mix of a world class enterprise solution, tailor-made for the Indian business environment and regulations. The system provides the best practices for the Engineering, Construction and Operations Industry.



"With SAP ERP, we now have one harmonized, standardized, and integrated solution, from project-award to cash. Having succeeded in the tougher terrains, the company is now in the process of extending the implementation to other locations and extracting the business value from the investments made".



Case Study: Geo-Textile Sand Container Mattress (GSCM) Lining Technology

HCC's **Geo-Textile Sand Container Mattress (GSCM)** Lining Technology is an innovative and new method of lining temporary river diversion channels. Temporary river diversion work is a vital part of all river valley projects, since the diversion is necessary to facilitate the construction of hydraulic structures such as a dam or barrage, across the valley in the course of project execution. In most of the projects, diversion through an open channel is the easiest and most economical option.

The traditional method for diversion channels involves the collection of a large quantity of boulders, transportation to the site and stacking in a very short time frame. However at the Teesta project site, unavailability of boulders was a major problem which would result in long delays and lead to higher costs. Considering the constraints associated with this traditional design, an economical, speedy and reliable alternative method of lining using GSCM technology was developed. To protect the intellectual property of the company, Provisional specification was filed under the Patents Act vide application no. 2059-MUM-2007 dated 17.10.2007.

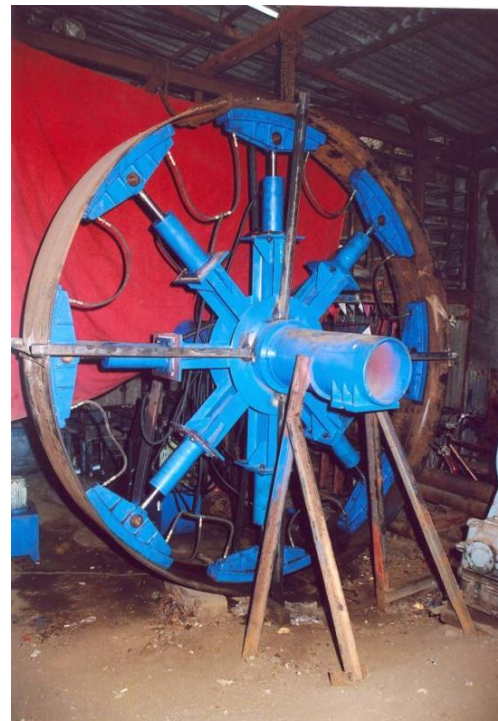
Summary of the comparison of the traditional and proposed methods of lining:

Drawbacks of traditional design	Advantages of GSCM Lining Method
<ul style="list-style-type: none"> • High cost \$ 28.50/sq. m • Longer construction period of 4-6 months depending on raw material availability • Higher machinery cost • Boulders of requisite size in huge quantity were not available 	<ul style="list-style-type: none"> • Economical- 15 to 20 % cost saving • Speedy and easy construction period of 1.5 months • Optimization of resources, less dependence on natural resources • Better performance, more reliable, lower maintenance cost • Less use of machinery • Chances of damage due to flow are very less. • Export potential- GSCM lining can be adopted for variable field and climatic conditions.



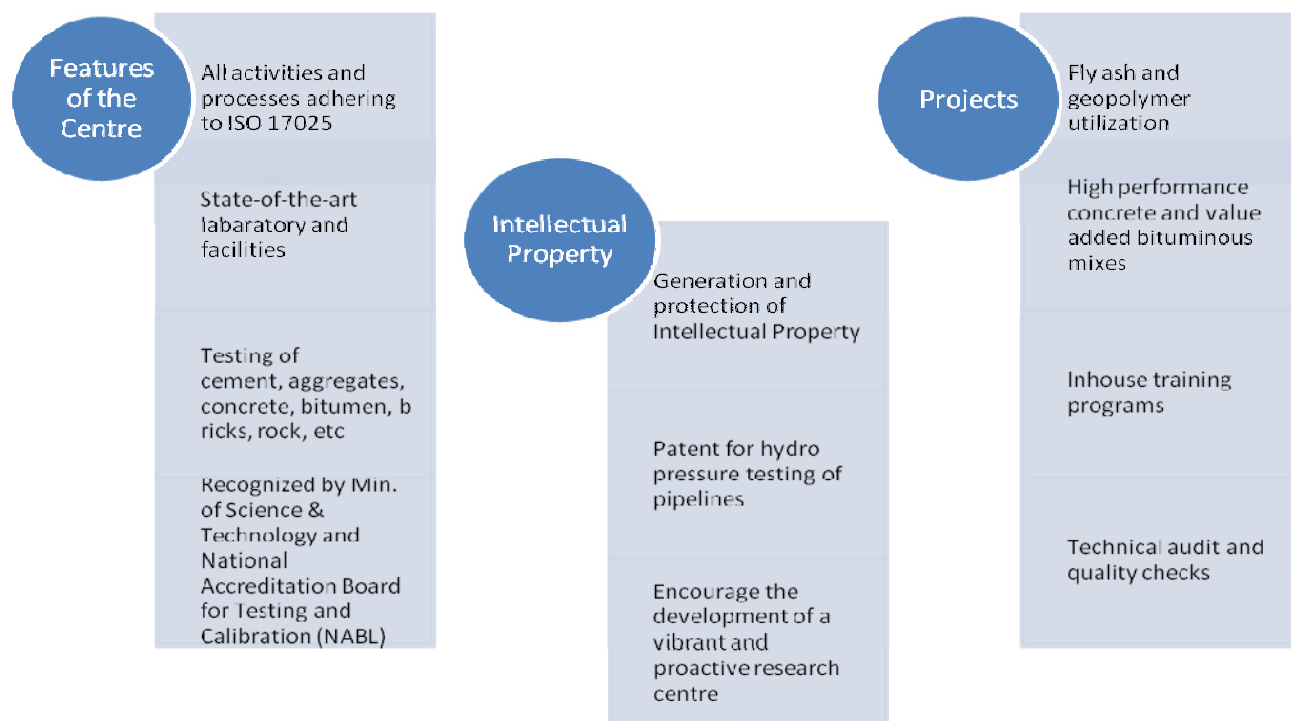
Product Innovation**Case Study: Pipe Joint Tester Technology**

Testing pipeline joints for possible leaks is usually quite a cumbersome process both in terms of time and money. Welding and other equipment needs to be remobilized as testing is carried out after a substantial length has been completed. To make the testing process smoother and more viable, HCC developed its own Pipe Joint Leak Testing System. It consists of a mobile testing apparatus capable of tilting on both the axes perpendicular to the pipe axis and can be moved from joint to joint inside the pipe being assembled to test the pipe in a 'test-as-you-go' method. The testing frame capable of rotating about pipe axis is mounted on a trolley with wheels specially designed such that the equipment can move inside pipes without guidance. The device is designed in a way that pipe joints of different diameters can be tested with the same equipment. To protect the intellectual property of the company, Provisional specification was filed under the Patents Act vide application no. 1848-MUM-2006 dated 07.11.2006. The device is presently under successful operation at the Godavari Lift Irrigation Scheme Project in Andhra Pradesh.



Case Study: Construction Research Development and Innovation (CRDI)

With the foresight that a traditional approach to construction is not adequate to meet the growing demands and complexities of the modern construction industry, HCC has taken an innovative approach to adapt the best technology for its projects. We have created a focus group on Construction Research Development and Innovation (CRDI) which focuses on identifying and studying relevant issues to improve the company's performance in terms of economy, quality, productivity and safety of construction. It also creates an environment that encourages innovative thinking across the organization, ensuring that the intellectual property generated is appropriately protected.



Social Performance- Creating and Managing a 'World Class Workforce'

HCC's biggest asset today is its human resource pool. Our ambitious growth plans are facilitated by our highly skilled workforce. We have well defined job profiles and responsibilities for all positions in the organization. Our project sites are amongst the most sought-after training grounds for young engineers, and we hire fresh talent from campuses every year. In the reporting year, despite the global economic slowdown, we hired 47 trainees to meet our business requirements.

As on 31st March, 2010, our workforce comprised 2514 officers (which includes permanent and contractual employees on payroll) and 28549 workmen (which includes workmen on rolls, sub contract and piece rate workers)

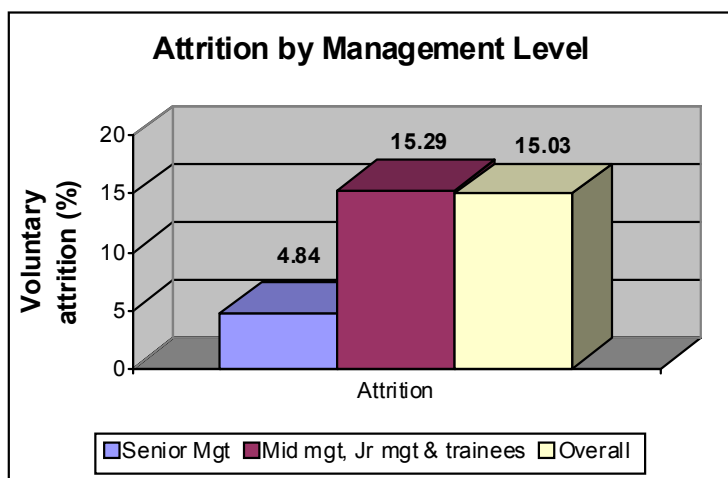
During 2009-10, the focus of human resource management was to improve internal competencies in world class project management and providing innovative construction solutions.

Project Tree-

This is a management initiative aimed at defining the project level organization structure with a focus on planning based execution, designing, operations, processes and work interfaces.

We have inducted the necessary personnel in various project functions to strengthen our project management skills, across the organization.

An international firm has been engaged to study our project management processes and implement best-in-class processes.



While the attrition is high in the junior and middle management category, our attrition levels are lower than the industry average. The below industry attrition is also supported by the fact that more than 12% of our total population has been with the company for more than 10 years.

HCC is an equal opportunity employer and there is no discrimination on the basis of caste, religion, region, nationality or gender during recruitment, compensation, development & career advancement. This is well documented in our Code of Conduct. We hire women

employees in our corporate office in suitable roles and also at sites wherever possible. As on March 31, 2010, in the Head Office, we employed more than 16% women employees and the senior management category is represented by more than 5% women employees.

HCC complies with all statutory requirements (both State & Central) including those related to human rights. In the reporting year there were no reported incidents of human rights violations at any of our project sites / offices.

Our workmen (permanent as well as temporary) at all project sites / offices have the right to exercise freedom of association / collective bargaining. Long term settlements are signed periodically with unions. While health and safety topics are not covered in formal agreements with trade unions, these are non-negotiable aspects of our business & we ensure compliance to all HSE related policies & procedures. Child / forced labor is prohibited at all HCC offices / project sites. All employees, including the sub-contract / PRW staff, are screened for age before permitting them to work at our sites.

We provide provident fund to our permanent as well as contractual employees. The other benefits given to our permanent employees include the following-

- Medical Insurance Scheme
- Group Superannuation Scheme / Pension Scheme
- Executive Health check-up facility (Senior & Middle Management)
- Employees Stock Options (Senior Management)
- Annual Performance linked incentive (Senior & Middle Management) & incentives for project sites
- Additional Allowance /benefits for employees posted in difficult locations

The nature of our business requires us to deploy talent at remote / difficult geographical locations. Employees posted at such locations are entitled for additional facilities. This demonstrates the extra care we take of our employees. These facilities include, but are not limited to, the following:

- Bachelor / family accommodation
- Mess
- Medical dispensary with doctor available for 24 hours
- Transport facility
- Medical checkup prior to posting at high altitude sites
- 24 hours of acclimatization time for new joiners / visitors etc
- Annual supply of warm clothing (esp for sites where winters are severe)
- Personal protective equipment for personal safety
- Regular health checkups
- Additional hardship allowances and other allowances (LTA, HRA)
- Awareness of health hazards, their symptoms & control measures through tool box talks

Our Performance Management System is undergoing constant improvements to create a high performance culture in HCC. The process provides a platform to every officer for a

transparent discussion & feedback on performance & development, on an annual basis. Performance Linked Pay (PLP) has been introduced for all middle & senior level executives. Rewards are linked to individual, departmental / business and organizational performances.

HCC provides the best learning opportunities to its employees. In the year 2009-10 HR initiated realignment of its training activities. The training needs of each employee category at project sites were analyzed & training interventions were identified to address the same. This led to the development of a gamut of new training programs / methodologies. Key highlights of this intervention were:

- A series of on-site technical programs (with practical orientation), suitably titled “Learning at Workplace”, were conducted at various project sites. This methodology had an additional advantage of employees not being away from sites for training & hence was appreciated by the project teams.
- Trainings on “Operation & Maintenance” of critical equipment was initiated at project sites to ensure faster, better & safer use of equipments in construction activity.
- The year 2009-10 also saw a focus on EHS related programs. Some of the key programs that were conducted at project sites were awareness on environment protection, occupational health hazards & their mitigation, safety is my responsibility – dealing with safe construction practices, defensive driving for operators & drivers

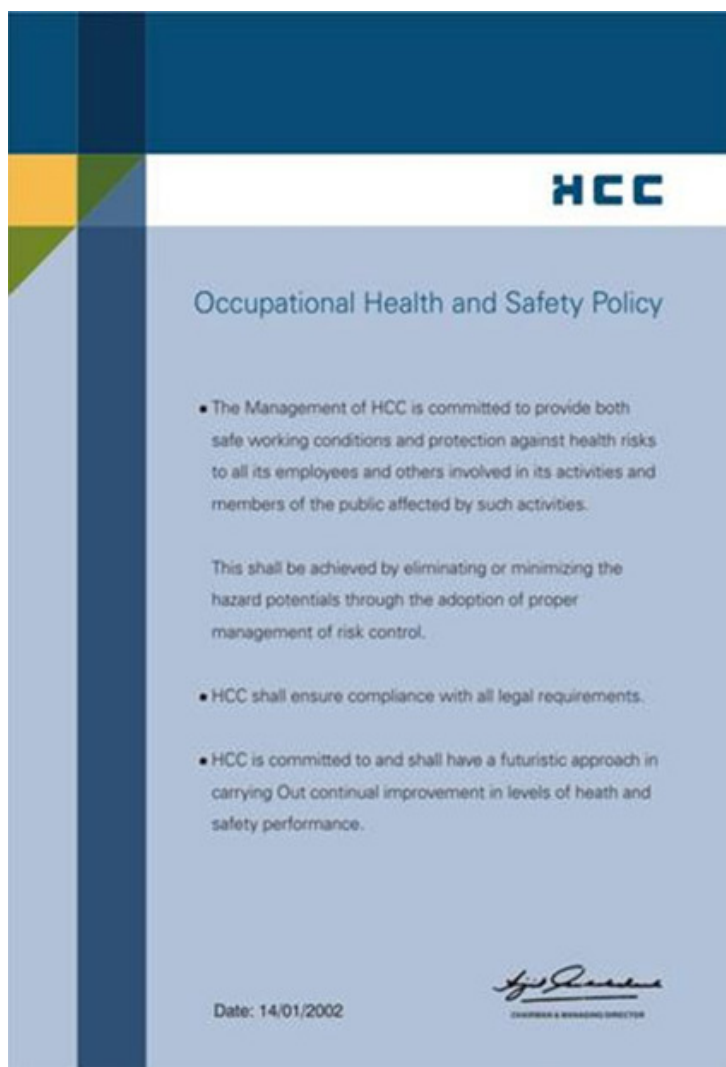
Special emphasis is given to the training of graduate & management trainees. A combination of classroom, on-the-job training & special assignments coupled with coaching by seniors helps these new entrants to transition into their corporate life.

Apart from training programs organized by the HR department, employees are nominated to external seminars / conference to enable them stay up-to-date with the latest technology / developments in their domain.

The training statistics for the reporting period, using average manpower in the respective employee category is as follows-

Description	Hours / person / year
	2009-10
All Officers	13.88
Trainees	57.81
Workers	0.81

Employee Health and Safety



Corporate Safety policy

- The Management of HCC is committed to provide both safe working conditions and protection against health risks to all its employees and others involved in its activities and members of the public affected by such activities. This shall be achieved by eliminating or minimizing the hazard potentials through the adoption of proper management of risk control
- HCC shall ensure compliance with all legal requirements
- HCC is committed to and shall have a futuristic approach in carrying out continual improvement in levels of health and safety performance

Corporate Goal

- Zero Reportable Injury

Mechanism to ensure Corporate Goal

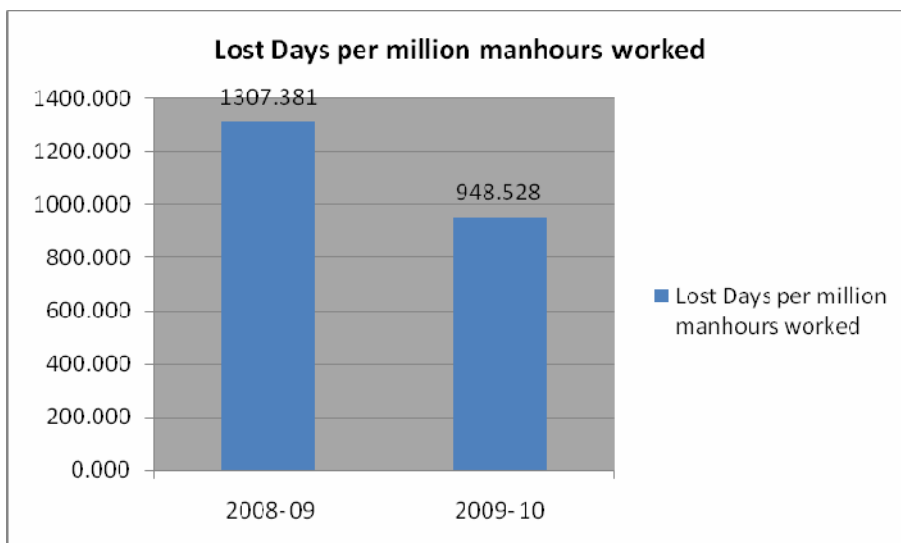
- Continuous training and retraining of workers to improve their skills
- Safety awareness training at all levels in the organization
- Setting up targets on Safety for project teams
- Continuous monitoring and feedback mechanism backed up by planned & surprise safety audits

The nature of our activities makes operational & transportation safety and employee health and safety significant components for long-term sustainability of our business and we stand committed to these. We continually seek to identify, evaluate and mitigate major hazard risks across our operations. Quality, safety-conscious employees and safe construction sites are a prerequisite for smooth operation.

With the help of our in house competence and with our understanding of the process, we have designed a risk matrix which maps each of the potentially dangerous operations with possible risks and remedial actions to be taken. This systematic risk assessment matrix is reviewed annually and checked for further scope of improvement.

Safety induction is compulsory for all the laborers, supervisors, Engineers and Sub contractors at our sites. After the induction PPEs are issued to them. To drive home the message of safety at work, cautionary signage is displayed at all our sites. Safety posters and slogans displayed for awareness. Weekly meetings, tool box talks, trainings conducted to enhance the understanding of safety amongst the workforce.

Wherever possible we have tried to use innovative means to put across the message of safety, either through movies, plays, fairs and trainings.



Over the last year we have reduced the 'Total no. of Injuries' and the resulting 'Lost Days' by 34% and 31% respectively. This can be attributed to our eye for safety awareness and implementation of various initiatives across the different sites.

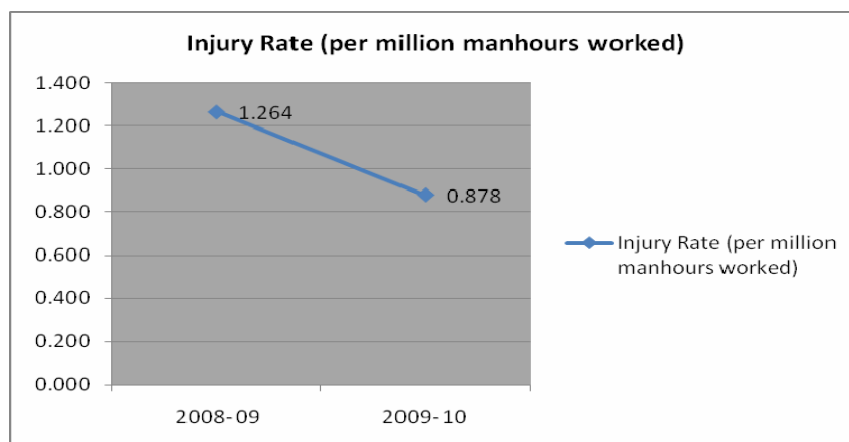
Safe Man-Hours Accolades

At HCC we give prime emphasis to safety at workplace and have tried to imbibe this philosophy in our workers through planned trainings and continuous learning. We have received appreciation from our clients on the back of our impeccable safety records at some of our projects

- Vizag Cavern Project received the Certificate of Appreciation from the Indian Strategic Petroleum Reserves Ltd. (Client), for achieving 1.8 million safe man-hours.
- Nimoo Bazgo HEP received a Certificate of Appreciation from NHPC (Client) for achieving 2.85 million safe man-hours.
- Government of Andhra Pradesh Irrigation & C.A.D. (PW) Department awarded a certificate of Appreciation for achieving 4 Million Safe Man hours of Work at Polavaram Project Right Main Canal from Km 38.199 to Km 71.500 (Package III)
- Delhi Metro Rail Corporation Limited awarded certificate for achieving 6 million man hours worked without reportable incident at Contract package C6 of Airport Metro Express Line
- National Highways Authority of India (Ministry of Road Transport & Highways) has been awarded a certificate of appreciation for achieving 1.5 million Safe man Hours work at 4/6 Laning from Km 278.000 to Km 308.890 in Nagpur Hyderabad Section of NH7 in the state of Maharashtra and Andhra Pradesh

Other projects that have achieved a million safe man-hours are:

- URI HEP
- Badarpur Road project
- Chennai Bypass
- Assam Road 23
- Lucknow 2,3 & 4 Road projects



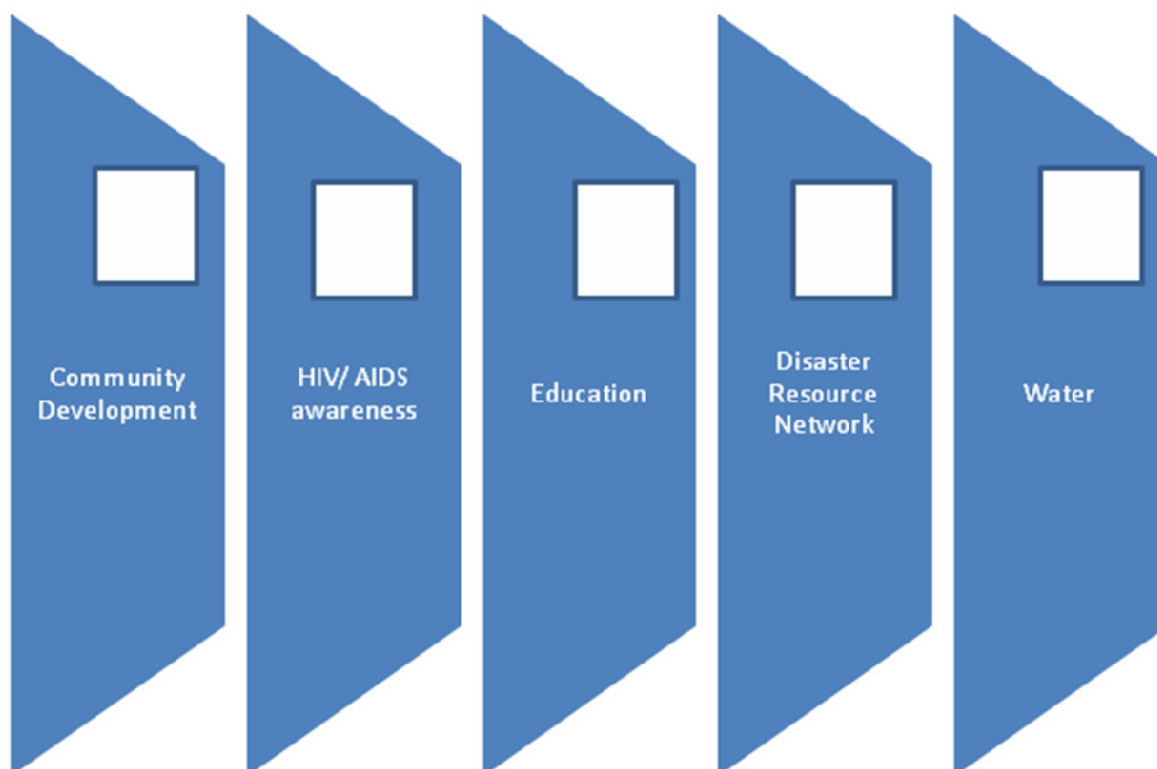
Case Study: Safety Challenges & Initiatives to achieve “2 MILLION SAFE MANHOURS” at Vizag Cavern Project Site

S. No	Area / Activity	Hurdle / Impedance	Initiatives / remedial measures	Results / Benefits
1.	Land Survey	Danger from reptiles	• Sprinkling of Carbolic Acid	Ensured Safe working environment
		Land slide	• Stabilization of slopes by applying Geotextile & shotcrete	Ensured safe working environment from sliding material
		Danger from Overhead Electrical lines	• Implemented FRP leveling staff along with caution boards.	Ensured safe working environment for the survey team
		Heat Stroke / Dehydration	• Provided portable folding type Umbrellas to surveyors	Ensured safe working environment for the survey team
2.	Traffic Management	Entry of Unauthorized vehicles / people	• Established one Safety Checkpoint at the entrance of the construction zone. • Ensuring safety induction to all freshers to site (Visitor, supplier, new joining employees, subcontractors etc...)	Eliminated trespassers
		Airborne dust	• Water sprinkling continuously on construction roads	Eliminated traffic related accidents / Occupational diseases
		Air Pollution	• Fixed catalytic converters for the construction vehicles	Brought down the vehicle emission levels within the permissible limits
		Danger to pedestrians inside of portal	• Pedestrian path earmarked with the help of delineators	Ensured safe walk way for the pedestrians
3.	Waste Management	Environment Pollution	• Arranged different color coding bins for waste disposal like food-waste, recycle material, hazardous waste, biomedical waste.	Eliminated environmental pollution with systematic waste disposal system
		Water Pollution from HEMM vehicles cleaning	• Constructed sedimentation tanks	Saving of non-renewable resources
		Water pollution due to construction activity	• Constructed waste water treatment plant	Saving of non renewable resources
4.	Electrical Works	Electrocution / electric burns	• Implementation of LOTO (Lockout / Tagout)	Eliminated electrical risk hazards
		Untoward incidents during power failure	• Provided emergency lights at strategic locations in tunnel.	Ensured illumination during power failure
5.	Hot work	Back fire during gas cutting works	• Provided “Flash back arresters” for all the gas cutting sets.	Eliminated back fire risk hazard
6.	Gantry crane CRD operation	Frequent damage to CRD cable	• Provided guide for the CRD cable over the trench	Eliminated break downs due to CRD cable failure
7.	Shotcreting	Eye injury, lung diseases	• Enforced usage of helmet fitted visors for all the operators • Provided good ventilation for effective defuming • Site specific safety checklist strictly implemented.	Eliminated Lost Time Injury, first aid cases.
8.	Mucking by using dumpers	Mishaps with construction vehicles	• Imparted defensive driving training to all the Heavy Earthmover Operators. • Enforced usage of wheel chokes • Implementation of vehicle fitness tags.	Eliminated vehicle related accidents
9.	Tunneling jobs	Potential hazards in executing every activity	• Enforced PTW system for all the critical activities	Eliminated untoward incident inside of portal.
10.	Batching Plant skip bucket	Fatal accidents	• Provided fencing gate, interlocks for the skip bucket	Eliminated untoward incidents
11.	Material Handling	Potential hazards due to failure of lifting equipment, tools & tackles	• Ensured regular inspection of lifting gears, tools & tackles by competent person. • Ensured that all lifting gears, tools & tackles are third party inspected before using at site. • Implemented color coding for each quarter to all slings & D-Shackles, pulleys etc.	Eliminated accidents due to lifting gears, tools & tackles.
12.	Storage Battery Maintenance	Splashing of acids on to eyes / body	• Provided training on handling of storage batteries. • Installed eye wash fountain in battery charging room. • Circulated Safety alerts on Dos & Don't.	Eliminated Eye / body injuries from the acids of storage batteries.

13	Maintenance of Utility Pipe Lines	Hazard due misidentification of utility pipe lines like Compressed air, Water, Dewatering line.	<ul style="list-style-type: none"> Implemented color coding for all the utility pipe lines. 	Eliminated accidents during maintenance of the utility pipe lines.
14	Usage of PPE	Workmen had an aversion to wear & work with PPE	<ul style="list-style-type: none"> Enforcement of PPE by imparting refresher trainings continuously. Usage of Safety Alerts in tool box talks and explain the importance of PPE. Imposing penalty some times. 	100 % PPE implementation and avoided accidents due to not wearing PPE.
15	Blasting	Toxic gases	<ul style="list-style-type: none"> Extended all the ventilation ducts up to the working face thereby provided good ventilation. Implemented good ventilation scheme for effective defuming. Using ORICA (Power Bulk) to use the blasting energy effectively to fragment the rock and to reduce emission of gases. Implemented continuous gas monitoring for the gases like Oxygen, Carbon Monoxide, Carbon Dioxide, NOx, SOx, methane etc. Allowing workmen to work after getting the gas concentrations below standard allowable limits. Provided Gas masks to all workmen. 	Eliminated incidents / accidents due to inhalation of toxic gases.
		Vibration	<ul style="list-style-type: none"> Implemented control blasting by adopting modern blasting patterns. Continuous monitoring of vibration during every blast by using vibration monitoring meter. Using ORICA (Power Bulk) to use the blasting energy effectively to fragment the rock and to reduce vibration. 	Eliminated incidents / accidents due to inhalation of blast induced vibrations.
16	Unfavorable Geological Conditions	Collapse of Roof or part of the tunnel	<ul style="list-style-type: none"> Tunnel face mapping after every blast by a professional Geologist (Geoconsult). Implementation of Rock Supports as per the recommendations of Geologist (Rock Support Recommendation Sheet). Continuous monitoring of rock displacements (convulsions) optical fiber targets. Ensured discontinuation of simultaneous blasting. 	Eliminated Accidents due to collapse of tunnel.

Corporate Stewardship at HCC

The five mandates of corporate stewardship at HCC are as follows-



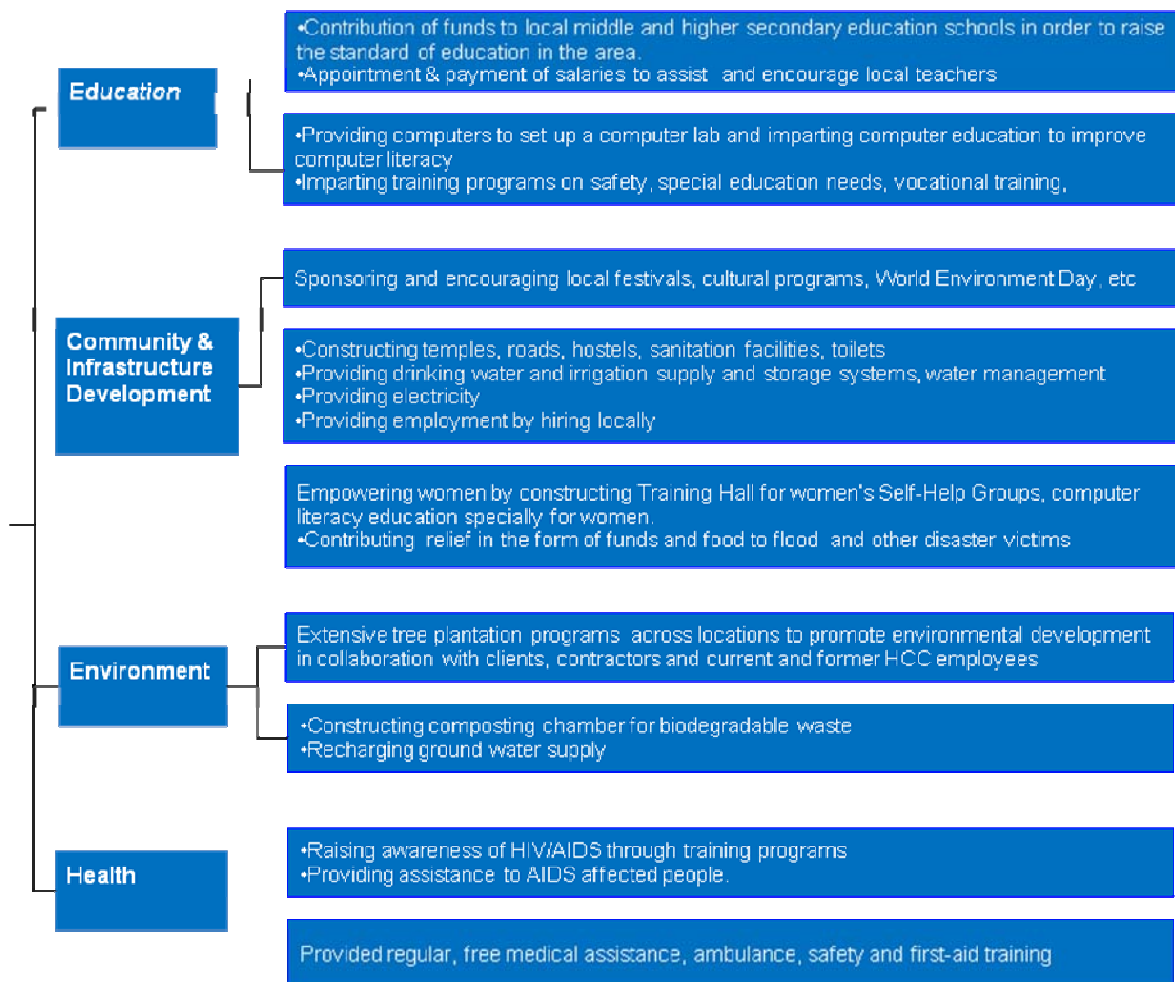
The philosophy of corporate stewardship at HCC is

'Do Good to Do Well and Do Well to Do Good.'

Our rationale behind our initiatives under these five pillars is as follows-

Community Development

HCC has always worked towards improving the quality of life of the communities it serves. Be it within the organization, the industry or the society. It believes in a strong sense of corporate stewardship which is reflected in its values and actions. HCC 's Corporate Responsibility came into existence with the objective to identify and work closely with the key communities in which it operates, and to undertake practices as a responsible corporate to support and strengthen such groups and fulfill all obligations towards society. HCC uses its economic strength for broader social goals and to demonstrate environmental responsibility, high standards of ethical behavior and greater transparency and accountability.



HIV Aids Initiative: Facilitate Good Health of our workforce for higher productivity.

The immediate impact of HIV/AIDS on the businesses is the loss of working hours and increased cost of production due to sickness of the workers who require frequent medical care. Thus, HCC views HIV/AIDS more as a socio-economic issue than a purely social one. People most affected by HIV/ AIDS include migrant workers, sex workers, injected drug users and truck drivers. HCC has more than 30,000 migrant labourers and truck drivers and has indeed found a positive correlation between migrant workforce and their vulnerability to HIV/AIDS. HCC does an awareness and Workplace Intervention Program for all its employees'. As of March 31, 2009, 21904 workers and employees have undergone WIP sessions. In addition, HCC launched its HIV AIDS Workplace Policy in 2008.

Education:

To create trained engineers, other personnel for our in-house HR needs

The challenge of closing the productivity gap vis-à-vis global competition is more acute in the infrastructure sector. Support to technical education is thus a logical extension of the pioneering vision of building strong infrastructure across the length and breadth of the country.

Disaster Management: Motivate, retain our engineers; provide safety for personnel, assets on project sites

Our projects are located in remote disaster prone areas and our personnel are trained as First Responders and Emergency responders to mitigate problems effectively. 10,043 employees and workers have been given the First Responder training till date and man hours spent in this in 40,172 hrs. Another 60 HCC Engineers have undergone the 7-day intensive training on Engineering Response in Emergencies.

Water: Decrease threat to sustainable business practices; create community goodwill

HCC is the endorser of UN CEO Water mandate. This mandate gives us direction on efficient usage of water in our direct operations, recharging ground water and working with communities and other stakeholders.

Beyond Bread is a corporate stewardship initiative by HCC, in the form of a newsletter that is sent out every quarter. It contains news and developments regarding recent sustainable development programs and activities. It also contains messages, interviews and inputs from various people in the organization, about corporate social responsibility

Case Study: Societal Impact of Kudankulam Nuclear Power Project

The Kudankulam Nuclear Power Project (KNPP) is located in a remote, non-industrial area of Tamil Nadu where there are very few employment opportunities. This area also suffers from acute scarcity of safe, drinking water. HCC has undertaken several environmental and social initiatives to enrich the area and improve the quality of life.

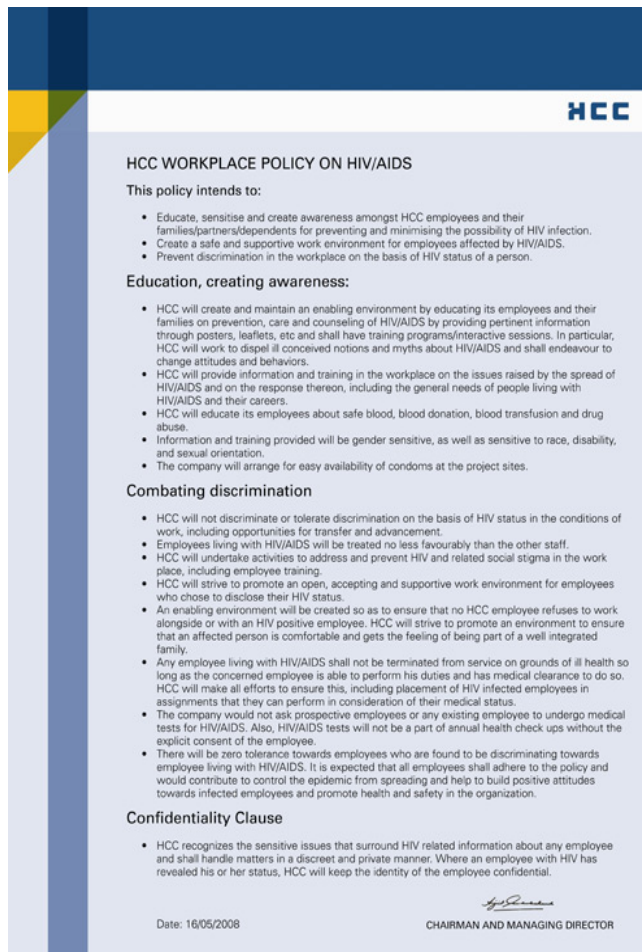
Environmental Initiative

- HCC has planted 25,000 trees around the project area. These are watered by drip-irrigation system and consume very little water. These trees have become instrumental in recharging the ground water by retention and precipitation. Surrounding villages are now able to reach the ground water table with tube wells.

Social Initiatives

- **Employment Generation:** Over 1000 local youth have been given direct employment; others have been indirectly employed through provision stores, canteens, courier services, small businesses and other services.
- **Encouraging Local Businesses:** Local market and small businesses and services have been boosted by HCC's activities in the area
- **Defensive Driver Training:** Ensuring safe driving practices by all HCC's direct and indirect drivers. This is beneficial to the drivers as well as the public.
- **HIV/AIDS:** Awareness programmes conducted at Staff/Labour Camp and informational booklets distributed.
- **Disaster Management:** Disaster Management and First Responder Training for all direct and indirect HCC employees.
- **Community & Infrastructure Development:**
 - Development of 4 Km road in Vijaipathy village
 - Renovation of temple at Kudankulam
 - Provision of 10 truckloads of stone boulders for construction of Old Age Home and 15 truckloads for construction of a school

HIV/AIDS Awareness program



HIV/AIDS Workplace policy: Our Policy aims at;

- Educating, sensitizing and creating awareness amongst employees and their families for preventing and minimizing the possibility of HIV infection.
- Creating a safe and supportive work environment for employees affected by HIV/AIDS.
- Preventing discrimination in the workplace on the basis of HIV status of a person.

The policy has been in effect from the day it has been launched. The policy has been translated in eight Indian regional languages namely Marathi, Hindi, Tamil, Telugu, Malayalam, Oriya, Urdu and Bengali which is disseminated to all project sites across the nation and is displayed at the respective Project sites.

HIV/AIDS - Work Place Intervention Program

HCC launched HIV/AIDS Initiative "To mitigate the impact of the epidemic on the Work Place productivity by promoting prevention, education and awareness activities" in the year 2004 and since then, our program has seen a huge rise in the education,



awareness and acceptance levels for the cause. As a leading construction engineering organization, we are a downstream employer of more than 25,000 workers at various project sites across India. Most of these downstream employees comprise of migrant workers. These workers are one of the most vulnerable groups to acquire HIV/AIDS, due to lack of knowledge and awareness.

We started the Workplace Intervention (WPI) Program at all the project sites and formulated Work Place policy in the year 2008.



The program includes the creation of in-house indigenous pool of resources a trained group of Master Trainers and Peer Educators at a particular project site amongst the officers and workers. Under the WPI Program model we conduct capacity building programs, management sensitization program for creating awareness among its workers to access the STI and referral prevention services, for providing the correct and right information, to reduce stigma and discrimination and myths and misconception about the HIV/AIDS;

So far, over 27000 workers have been covered through the targeted WPI program at 29 HCC sites and created 223 indigenous pools of resources of Peer Educators at five sites. The total man-hours spent for the WPI is 56066 hrs.



PEs, Chamera, Chamba



PEs, Nimoo, Leh



PEs, Chutak, Kargil

In addition to increasing awareness in the local communities, we observe World AIDS Day on December 1 every year to disseminate information on HIV/AIDS through rallies, street plays, IEC sessions and programs with local government hospitals by involving local NGOs, district administration and local communities.



WAD rally at Chamera, Chamba

Our Strategic Partners:

International Labour Organization (ILO) – India

HCC has entered into MOC (Memorandum of Cooperation) with ILO as technical support for implementing its WPI program across the nation to keep harmony and synergy of the program. The aim of this partnership is to help prevent the transmission of HIV among workers and to mitigate the impact of the epidemic on workplace productivity. The partnership will help to provide a

Avert Society – United States Agency for International Development (USAID-India) project, Maharashtra

HCC has entered into MOC (Memorandum of Cooperation) with Avert Society for implementing its WPI program in Maharashtra State. The aim of this partnership is assisting to develop and implement HIV / AIDS workplace policy and programmes in Maharashtra HCC project sites. This will help to prevent the transmission of HIV among workers and to mitigate the impact of the epidemic on workplace productivity and strengthening the referral system.

Clinton Global Initiative

HCC has contributed \$ 2, 00,000 to CGI for working in the area of HIV/AIDS in India. CGI is using this contribution in conducting physicians training organized in India. The goal is to sensitize 150,000 private sector doctors in order to recognize HIV symptoms and refer patients. *More than 57,000 doctors have received this training, across 13 states in India*

Disaster Resource Network (DRN)

The Disaster Resource Network (DRN) was established in 2001 in the aftermath of a devastating earthquake that struck in Gujarat, India. At the time, World Economic Forum members in the engineering, logistics and construction industry came together at the ongoing annual meet and forged this partnership.

The Disaster Resource Partnership enables the core strengths and existing capacities of the Engineering & Construction (E&C) community to be mobilized during and after crises to reduce suffering and save lives.

Vision

The Engineering & Construction Disaster Resource Network (E&C DRN) is a network that enables the core strengths and existing capacities of the E&C community to be mobilized during and after crises to reduce suffering and save lives.

Our CMD, Mr Ajit Gulabchand is on the Board of Directors of DRN Global as well as the Chairman of the Indian Chapter. DRN India is associated with CFI (Construction Federation of India) and has undertaken many rescue and relief efforts since its launch on 22 November 2002.



- **Second Level Training- Engineering in Emergencies (EE)**

This is an extensive second level residential training for selective employees. This core of volunteers can be sent to support the rehabilitation at the time of a disaster. It has been designed on the Sphere standards for emergency relief work and global standards for humanitarian response.

Since September '07, First Responder training has been conducted at 31 sites, covering 10,043 employees, spending 40,172 hours

- **First Responder Training: Sites covered in 2009-2010**

- **August 2009:** First Responder Training conducted at Vizag Cavern Project, covering 392 employees including workers.
- **October 2009:** First Responder Training conducted at Maroshi Ruparel Tunnel Project, covering 200 employees including workers.
- **December 2009:** First Responder Training being conducted at Badarpur BOT Project, covering 195.

Man-hours spent on Second Level Training by 54 HCC engineers is 3024 hours.



GLOBAL OUTREACH

Disaster Resource Partnership is part of an on-going effort by the World Economic Forum to serve as a catalyst for greater private sector involvement in responding to natural disasters. Though it is generally recognized that the private sector has an important role to play in addressing the increasing socio-economic consequences of disasters, there has been relatively little effort to understand the potential for contributions by specific industries, or to develop models of engagement that recognize the need for local action and ownership while being replicable, scalable and justifiable in business terms. HCC is part of the working group that is making a report, this report elaborates a new framework for the engagement of the Engineering & Construction industry sector during the phases of relief, recovery and prevention as a result of natural disasters.

The framework, called the Engineering & Construction Disaster Resource Partnership (DRP), builds on the experiences of the Engineering & Construction industry country Disaster Resource Network (DRN) in India and Mexico catalysed through the World Economic Forum's platform in 2001 and 2006 respectively, have demonstrated the critical role that industry can play during natural disasters and the broader partnership potential with government, the humanitarian community and other key stakeholders.

Based on a mandate by the Engineering & Construction Governors community of business leaders in 2009, the World Economic Forum has facilitated an initial series of workshops and interviews between September and December 2009 to analyse the contributions of selected Forum Engineering & Construction member companies in response to actual natural disasters. This initial analysis proposes an E&C Disaster Resource Partnership (E&C DRP) at the global level to establish and maintain partnerships with key government and humanitarian organizations, and to facilitate learning and knowledge sharing; and at the local level to facilitate a coordinated response in times of natural disaster.

Our Partners



DRN at work

HCC is one of the founding members of Disaster Resource Network (DRN) Global, an initiative of the World Economic Forum formed in the wake of the Gujarat earthquake in 2001, to leverage the resources of construction engineering businesses to implement quick relief during natural disasters. The network acts as a bridge between business and relief organizations to provide rehabilitation support in the mitigation phases of a disaster. Through DRN HCC has provided relief during natural disasters such as floods, earthquakes, cyclones, hurricanes and the tsunami.

Andhra Pradesh Floods

In the month of October 2009, flash floods in Andhra Pradesh, caused by heavy rains affected over 1.4 million people and caused over 200 deaths. HCC employees voluntarily contributed Rs.4,41,892 from their salary to the AP Chief Minister's relief fund for flood relief work. 5 HCC "Engineering in Emergencies" trained engineers, from various AP project sites were ready to be deployed for the relief work.

Bihar Floods August 2008

- One of the worst floods in the history of the Indian state of Bihar, occurred due to a breach in the Kosi embankment, near Indo-Nepal border (at a place called Kusha in Nepal) on - August 18, 2008. 10 HCC engineers, trained under training – Engineering Response in emergencies (ERE) from various project sites were deployed to Bihar for the flood relief work. They were sent in three different batches for two weeks each and worked along with UN, Oxfam and Other local NGOs.

- Mandate : Safe Drinking water and sanitation (WATSAN) in affected regions.

- **Work Done:** Constructed public convenience and water storage tanks, Constructed awareness camps for the villages on hygiene and sanitation to prevent water borne and vector diseases. Constructed more than 57 toilets and an equal number of bathrooms, bored 25 hand pumps and made 8 water tanks and a cumulative storage capacity 40,0000 liters of drinking water. Involved Carcass Disposal, Man-hours spent for Bihar Flood Relief Work by 10 engineers is 6300 hrs.

Orissa Floods (September 2008)

Floods in Mahanadi river and it's contributes had affected more than 3 million people in 17 of the states 30 districts. The worst affected districts were Kendrapara, Jagtsingpur and Chuttackl. The HCC Paradip Project site deployed 350 officers and workers in several small teams headed by officers who had attended the 7 day Engineering Emergency (EE) Training on disaster Management. HCC team reached the needy local people in the flood affected areas, where even the District administration failed to reach.

Work Done: Carried out the rescue , restoration of people from the villages surrounded and submerged by flood water, Supported the District Magistrates of Kendrapara and Jaipur in restoration of embankment, road and culverts in flood affected areas, provided food, medicines, temporary shelter, drinking water along with the lighting tower in the temporary shelters for flood victims, Supplies plastic sheets and bomboo for making temporary shelters, Provided crane for unloading boats, providing equipments and manpower for safe guarding breaching of embankment in the over flowing rivers. Manhours spent for Orissa flood work 350 officers and workers is 42000 hours.

Myanmar cyclone and China earthquake (May 2008)

Mobilised 26 HCC employees from 7 sites who had attended the First Responder Training and volunteered to be a part of the Disaster Core Group. The volunteers were divided into 2 teams to assist the disaster occurred in –

- Myanmar(Burma) – Tropical Cyclone Nargis struck on 2nd and 3rd May, 2008. This is being refered to as the largest cyclone to strike since 1991(Bangladesh)
- China- earthquake struck on 12th may 2008 with 7.9 magnitude in near southwest Sichuan Province of China.

The First Responsibility Forum of India

At the First Responsibility Forum of India on 22 March, Professor Yunus and his creative advisor Hans Reitz spoke about innovations in social business, and how Indian businesses can think more concretely about their social bottom line. Speakers presented Prof. Yunus' business model and showed best practice cases while in the meantime involving and inspiring their audience which included a mix of Indian business leaders, lawyers, students, entrepreneurs, NGO employees and creative thinkers (e.g. director Shekhar Kapur).

By visiting Mumbai, Prof. Yunus sowed the first seeds in India to support the social business movement there and eradicate poverty in South Asia. Hosted by Nishith Desai Associates (NDA, India) and Mr. Ajit Gulabchand (Lavasa / HCC, India), the event was a great success, since it provided a platform to initiate dialogue about social business in India and connect social entrepreneurs.

Apart from creating awareness and sparking interest in social business, results of this event also include several new commitments and projects in India which are still being developed. We will share more information about these with you in the coming months. The impact of the First Responsibility Forum of India will not be restricted to this day alone -- it will be a continuous international platform for dialogue and exchanges between eminent figures from the worlds of business, organizations, and politics.

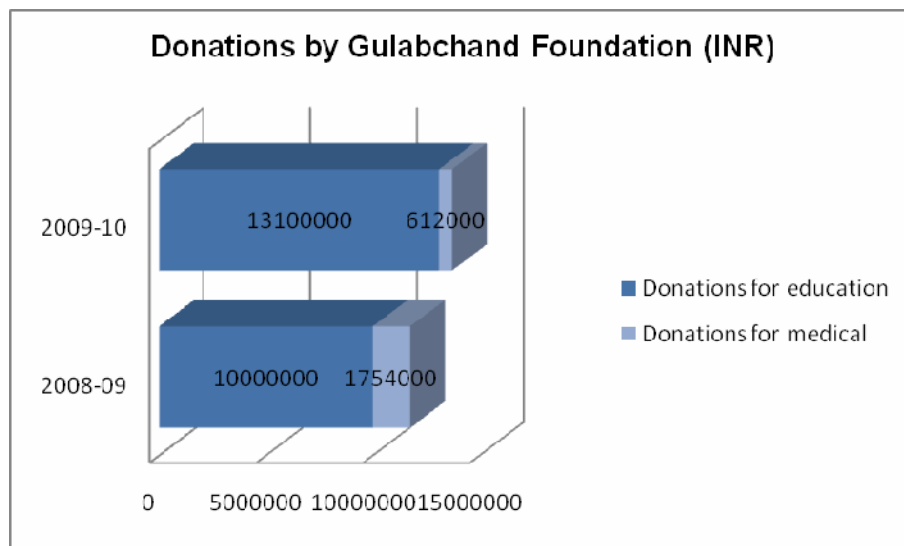
After successful completion of First Responsibility Forum of India on 22nd March 2010, Professor Muhammad Yunus with Mr. Hans Reitz and Ms. Saskia Bruysten from Grameen Creative Lab visited Lavasa – India's First Planned Hill City and observed the environment and community associated initiatives. At Lavasa 'Environment Management Plan (EMP)' is being followed, which is a plan of constant, evolving action that addresses ecology concerns at several levels. From topsoil management, tree transplantation and mass plantation to the technologically superior processes of hydroseeding, soil, water and air pollution control and monitoring systems. On community engagement aspect, Lavasa has a number of development initiatives in areas of Health, Education, Employability and Housing & Rehabilitation.



(Left to Right: Mr. Hans Reitz - Founder, Grameen Creative Lab; Mr. Ajit Gulabchand – Chairman & Managing Director, Hindustan Construction Company; Nobel Peace Prize laureate Professor Muhammad Yunus; Nishith Desai - Founder Nishith Desai Associates.)

Gulabchand Foundation

The Gulabchand Foundation has been carrying out several Corporate Social Responsibility activities over the years.



Education related initiatives-

Walchand College of Engineering

Walchand College of Engineering (WCE) was set up in 1947 at Sangli. Presently, it offers 6 undergraduate, 9 post-graduate and 4 diploma programmes in various branches of engineering. In all, about 2300 students are enrolled for all these courses. The National Board of Accreditation has already accredited the UG programmes. About 600 students pass out from WCE every year.

The college management, under the leadership of Mr. Ajit Gulabchand, is committed to the goal of achieving excellence. The college has achieved autonomous status effective from academic year 2006-2007.

NICMAR

National Institute of Construction Management and Research (NICMAR), founded in 1983, is a pioneering management institute catering to the needs of the construction industry. In collaboration with peers in the industry, HCC has taken the lead in founding NICMAR. In response to the rising demand for trained manpower in the industry, NICMAR has embarked upon an ambitious programme of expansion and growth. NICMAR's main campus is now located on a 12 acre campus at Pune, fully equipped with modern amenities. NICMAR's Advanced Construction Management programme, structured in collaboration with MIT and Michigan (USA), ILO and IIM-A, is a highly rated programme by academia and industry.

Health related interventions-

Cochlear Implant

In association with Hinduja Hospital since 2006, 11 children have undergone successful Cochlear Implant operations and currently they are in the post operative stage.'

Support to Burn Patients

We have supported treatment of burn patients at hospitals in Mumbai (Kasturba & Sion Hospital) by way of medicines, pressure garments and all burn patients are given Occupational Therapy.

34 patients have been covered in two months for treatment and 173 cases have been aided by Occupational Therapy.

Health Centre

We have our health project at village Kuchi near Sangli. 5030 patients have been covered since July 2007.

Balwadis and Libraries

HCC lends support to 9 Balwadis and 18 libraries at Vikhroli in Mumbai. 140 children are covered in Balwadis and 2308 children are covered by the libraries.

Chill Zone at BMC Schools

A Chill Zone was set up at 18 BMC schools with an occupational therapist at each school. Around 800 special children have benefited through this initiative.

Lifeline Express at Lavasa

A six day 'eye and ear check up camp' was conducted in the villages of Lavasa project area. Fairly remote places like Dhaman Ohol, Koloshi, Mugaon and Admal benefited from this drive. The Lifeline express reaches out to settlements by providing medical services to diagnose hearing and visual ailments, as part of the National Rural Health Mission Project of Government of Maharashtra, along with Impact India. 7016 people were covered under this up to July 2008.

Product Responsibility

In most cases, we do not design own the structures that we construct, our sphere of influence on the product ends at the construction stage itself.

As a step towards more efficient project management and sustainable construction, we started the initiative called 'Project Tree'

Project Tree-

Project Tree, at HCC, is an initiative to develop World Class Project Management Systems which at an operative level translates into making workable plans for execution will take due cognizance of the risks linked to Health (H) , Safety (S) and Environment (E) that may affect the worker on site.

Project Tree, in its current form, has been on in HCC since November 2009 and is being currently handled by a separate team in HCC Head Office at Mumbai partnered with a World renowned Project Management Consulting Organization. Project Tree is supposed to operate the processes it so develops on five pilot projects.

Project Tree is developing Project Control Systems at sites with effective engagement by the sites teams' right from the start of the process, carrying out intermediate interventions and sharing of results. As independent team from Australia did a study of the processes at HCC and indicated that one of the most important part of processes development and their sustainability is that the systems should be traceable and scalable. The team evaluated HCC's five pilot projects for operational sustainability on many parameters, out of which the notable are;

- a. Alignment of projects with the business cycle.
- b. Project Durability and End user satisfaction
- c. Critical aspects of resource availability.
- d. Skill up gradation of workers and their training
- e. Analysis of risk raising project un-sustainability issues.
- f. Health, safety and environment management at our project sites.

Project Tree has evolved out from the need to manage complex projects with ease and efficiency. As HCC is translating its business strategy towards an EPC orientated organization as the future option of construction business, hence the relevance and timing of this exercise in HCC is of a considerably high importance.

One of the main attempts by Project Tree at HCC is to bring about a focus to control the three dimensions of time, cost and scope of a project so that the project attains technical, financial and operational sustainability. The triple constraints are managed within the Project Tree Initiative by creating processes that interrelate time, cost and scope and generate results that show the overall sustainability of the project during the execution phase.

There were no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle.

As the customer is our key stakeholder, and customer satisfaction is of paramount importance to us, we take feedback from our customers on a quarterly basis, with respect to the following parameters for all our ongoing projects-

- Provisioning of Resources
- Design & Engineering Capabilities
- Construction Planning, Methodology for Product Realization
- Performance of Plant & Equipments
- Competence of Human Resources
- Construction Material & Services
- Customer Complaints handling
- Quality management System
- Quality of Product & Processes
- Health, Safety and Environment Management System
- Perception about overall HCC performance"

The results of the survey are compiled by the IMS department .On an average, our projects scored 4 and above on a scale of 1-5 in the customer satisfaction index.

Disclosures on Management Approach

Economic

At HCC, our efforts are to understand the trends and opportunities in the construction industry, and build our capabilities and competencies for sustainable leveraging of these, with continuous improvement. HCC is metamorphosing from a blue chip construction contractor to a diversified infrastructure group of companies comprising HCC Ltd, and its subsidiaries HCC Real Estate Ltd, HCC Infrastructure Ltd, Lavasa Corporation Ltd. and Karl Steiner AG, Switzerland.

We are now focusing on turnkey based projects like Kishanganga Hydro Power Project in Jammu & Kashmir and others, through alliances with global technology majors.

We are moving towards complete infrastructure development with our pioneering initiative at Lavasa, the first hill city in India being built on the concept of new urbanism.

Our aim is to hire our workmen locally as far as possible, at project sites in remote locations, and thereby contribute to the economic development and prosperity of the area.

Fostering better brand consciousness, an integrated approach towards quality, environment, health and safety, and a well established SAP ERP system even at project sites located at Himalayan altitudes are some of the elements of our management approach.

Environment

Preservation of environment is an important concern for us, as we try to adopt an optimal approach to reduce environmental impacts of our operations. As a construction Company, our ownership of the structures we construct is limited, but we do our best to incorporate quality, environment, health and safety aspects in the execution stage.

We have well defined quality, environmental and safety policies that are consistent with our mission. These are in line with the specific requirements of ISO9001:2008 quality Management system, ISO 14001: 2004 Environmental management system, and BS: OHSAS 18001: 2007 Occupational Health and Safety Management systems.

These policies are intended to direct HCC towards enhancing the quality of our products, and achieve excellence in health, safety and environmental performance. They are displayed at, and communicated to, all our operational areas, and also made available to any interested parties.

Minimization of construction waste, reducing water consumption at project sites annually by ten percent and project site emissions by seven percent, is among our key environmental goals. As the first Indian signatory to the UN CEO Water Mandate, we focus on water recycling, reuse and reduction of water wastage and publish our progress on the same annually. Reducing energy requirements at sites and monitoring of the same centrally is a responsibility shared by the managers at site and the procurement function at the head office under a systematic approach to 'fuel inventory management'

We work towards meeting customer specific and applicable regulatory requirements while working at project sites.

Health and safety training is given due importance. We have safety committees at all our project sites with equal participation of management and non management personnel with a mandate to monitor all safety related issues concerning the respective projects.

Labour Practices and Human Rights

Managing and retaining a world class workforce is the hallmark of our talent management approach at HCC. We believe in empowering people at every level to take decisions, and fostering an environment that is conducive to achievement and facing new challenges and scaling heights, in keeping with our values, vision and mission.

Training and educating our employees for continuous skill upgradation is one of our areas of focus. Intranet site with HR portal, policy manuals, communication in the form of newsletters are deployed to communicate with employees regularly apart from a robust system of performance management. An employee perception survey is being commissioned in the coming year, as a step forward in employee engagement.

Health, safety and Environment is a key function and is given utmost importance at the project sites and at the Corporate level. There is trained a safety officer at each of our sites, and safety meetings held every month. All of our sites are OHSAS 18001 certified. Safety statistics are reported to the Corporate every month by the sites. We would be focusing on aspects of behavioral safety among personnel at sites going forward to attain the goal of zero reportable injuries.

We comply with local laws and human rights and the spirit of non discrimination on any ground in spirit, beyond legal requirements that we abide by- such as Factories Act, Building and other Construction Workers Act, 1966 etc. We are also committed to operating in line with the UN Global Compact principles on labour standards and human rights, as a signatory to the same and have been regularly publishing our Communication on Progress. Our people, their safety and rights are of the utmost importance, and we constantly strive to make our organization an employer of choice.

Society

DO GOOD TO DO WELL AND DO WELL TO DO GOOD.

At HCC, We believe in going beyond the business and fulfilling our duties as a responsible corporate citizen. To that end, we have always worked towards improving the quality of life of the communities we serve. Be it within the organization, the industry, or society, we have a strong sense of social responsibility, which is reflected in our values and actions. Our company's Corporate Social Responsibility (CSR) came into existence with the objective to identify and work closely with key communities in which it operates and to undertake practices as a responsible corporate citizen to support and strengthen such groups and fulfill its obligation to society.

HCC uses its strength for broader social goals and to demonstrate environmental responsibility, high standards of ethical behavior and greater transparency and accountability.

Being a socially responsible organization involves being more aware about issues that will make a difference. The CSR wing at HCC has been able to translate this underlying principle into action and continues to contribute towards the organization and society at large.

The five areas of corporate responsibility at HCC are-

- HIV/AIDS Awareness
- Education
- Disaster Resource Network
- Water
- Community Development

We have a strong HIV/AIDS workplace policy and interventions centered on the same in partnerships with NGOs across our project sites.

The five areas of CR, Gulabchand Foundation, 'Beyond Bread', forms the complete gamut of programs being undertaken at HCC.

Beyond Bread is a corporate stewardship initiative by HCC, in the form of a newsletter that is sent out every quarter. It contains news and developments regarding recent sustainable development programs and activities. It also contains messages, interviews and inputs from various people in the organization, about corporate social responsibility.

During the reporting period, we have commissioned a study to review our strategy for community development making it more focused and need based to address the concerns of the communities on issues of health, education and water. Our future action plans are being derived from the same.

Product Responsibility

Our products and services do not have any impact on the health and safety of our customers. However, we do take care of the economic impact of our products and services on the livelihoods of the people associated with it, including our customers.

Quality of service delivery is continuously enhanced through customer feedback and approvals taken from relevant authorities on the process, to ensure adherence to statutory norms.

Our products and services do not have any impact on the health and safety of our customers. However, we do take care of the economic impact of our products and services on the livelihoods of the people associated with it, including our customers.

Quality of service delivery is continuously enhanced through customer feedback and approvals taken from relevant authorities on the process, to ensure adherence to statutory norms on product labeling wherever required.

There have been no instances of non compliance on any product responsibility issues during the reporting period.

Customer confidentiality is maintained at all points of time

Other Group Companies

HCC Infrastructure Limited

HCC infrastructure, a wholly owned subsidiary of HCC Ltd, is a leading infrastructure developer engaged in the creation and management of assets in the areas of Transportation, Power, Water and Social Infrastructure.

HCC Infrastructure's vision of building expertise in asset development and management that extends to concept innovation, evaluation of risk and return is in synergy with its core value of delivering the brand's promise to the customer over the life of the asset.

HCC Infrastructure remains committed to developing a premium portfolio of infrastructure assets that will serve India's needs while creating shareholder value for the Company. Since its inception in 2008, the Company has accumulated assets under management which currently include six NHAI (National Highways Development Corporation of India) road concessions, of which one is operational.

- Badarpur Elevated Highway on NH-2. A 4.4 km elevated road connecting Delhi to Haryana scheduled for completion in October 2010, three months ahead of schedule.
- Dhule Palesner on the NH-3 Maharashtra / MP Border. A joint venture with John Laing of UK and Sadbhav Eng Ltd., the 89 km four lane highway is scheduled for completion in June 2012.
- Nirmal annuity road project in Andhra Pradesh on NH-7. A currently operational, 30 km four lane highway executed three months ahead of schedule.
- 3 contiguous sections of approximately 256 km for highway development on NH-34 in West Bengal.

HCC Real Estate

HCC Real Estate Ltd. (HREL) is a 100% subsidiary of Hindustan Construction Company Ltd. (HCC). With inherent skills and resources to develop and execute high-value projects within stringent compliances, HREL is helping build communities across India. HREL is proud to touch the lives of many.

HREL believes in investing for the future - providing world class quality and using innovative technology that creates trends through value engineering. The Company strongly believes in striking a balance between efficient engineering and thoughtful design for sustained development, across all project sites in India.

HREL has developed 247 Park, a state-of-the-art business destination at the heart of the upcoming IT corridor at Vikhroli (West) in Mumbai. The 1.8 million square feet building, 247Park is India's largest standalone LEED Gold certified green building and is designed to lower energy costs by 23% while offering a clean and green work environment. HREL has pioneered new standards for environmental conservation in construction in India, setting exemplary standards for efficiency in energy resources.

247 Park was conferred the CNBC AWAAZ-CRISIL- CREDAI Real Estate Awards-2009 in the category Best Commercial Property in Western Region. It is India's most distinguished award for excellence in the real estate sector. Among the several features which contributed to the selection of 247Park for the award were: LEED Gold certification of 247 Park as the largest stand-alone Green commercial building, central location from major residential areas, excellent work environment, high standards of safety and security, ample parking, retail and other tenant friendly 24x7 conveniences, energy savings of 23.89%, zero waste discharge and a roof top helipad.

With the zeal to execute projects to world class levels, HREL's spectrum of business will include Integrated Urban Development & Management, IT Parks & Commercial Offices, Township Development, Urban Renewal Projects, Joint Developments and Agri Business

Lavasa....a city in harmony with nature....

Lavasa is India's first planned hill city being developed by HCC. Located in the western region of India in the picturesque landscape of the Sahayadri Mountains, it is set amidst 7 hills and 60 km. of lakefront. A three hour drive from Mumbai and an hour's drive from Pune, the city is one fourth of the size of Mumbai.

The master plan of Lavasa (current development plan - 18,000 acres) is done by internationally renowned design consultant HOK, USA and is a recipient of many international awards. The master plan is based on the principles of New Urbanism that brings together all the components essential to daily life in a more organized manner thus creating spaces within walking distance from each other.

Lavasa aims to provide a perfect work - life balance with a unique combination of technology and infrastructure advancements. The city will have a 365 day economy with a host of non polluting industries being the main economic driver; these include R&D and training centres, IT and biotech industry, KPOs and those related to art, fashion and animation.

Lavasa has many firsts to its credit - technology leadership, e-Governance, the first Indian city developed using Geographical Information System (GIS), use of Biomimicry as a science in town planning and use of innovative techniques like hydro seeding in environment management. The city will have a wide range of residences, to fit any budget across socio-economic classes. Aimed to be a '365- day economy', a complement of global leaders in the fields of Hospitality, Health and Wellness, Education, Tourism will be setting up their institutions at Lavasa
Tie-ups include; Hospitality (Accor, ITC, Hilton, Langham), Health and Wellness (Apollo Hospitals) and Education (Ecole hôtelière de Lausanne - Switzerland, International Business Relations - Germany, NSHM Knowledge Park - Kolkata, Symbiosis, Christ University, Educomp and Christel House – Bangalore) have already been tied up. SpaceWorld, a 65-acre edutainment park powered by technology from USSRC will offer a space-like experience to visitors and will be operational soon.

With tie-ups already in place with Sir Nick Faldo for a golf course and academy, Manchester City Football Club for a football academy, Sir Steve Redgrave for a rowing Academy and Hockey Australia for a hockey Academy, Lavasa is poised to emerge as an international sporting destination.

On the environmental front, no effort has been spared to ensure that Lavasa maintains nature's ability to replenish and renew its resources. The principle for sustainable growth at Lavasa adopts a two-pronged strategy; protecting the existing natural habitat as it is and further enhancing the habitat through hydro-seeding, geo-matting, mass plantations and beautification of ravines.

Lavasa is planned for a permanent population of around 3 lakh residents and a tourist inflow that is envisaged at 20 lakh per annum. The first of the 5 towns - Dasve is slated to be ready by 2010-11. Lavasa is a prime offering from HCC, with a level of city infrastructure yet to be experienced in India, thus setting new benchmarks in planning, construction and service delivery. With all urban advantages in a natural setting, Lavasa is envisioned to be a more livable city

Karl Steiner AG (KSAG)

KSAG, a total services contractor engaged in planning and developing real estate projects as well as construction and renovation work, is part of the Switzerland based Steiner Group. With a heritage of 95 years, primarily in the European market, KSAG has several landmark works to its credit, including the headquarters of Nestle, Google, World Economic Forum, Terminal T3 of Geneva airport, and several hotels and residential buildings. It is the second largest total service contractor in the Swiss market. HCC has agreed to acquire a 66% stake by issuance of new shares in consideration for a CHF 35 million cash investment in KSAG. In turn, KSAG will use the funds for its Swiss operations and growth of the Company's core business in India's growing residential and commercial construction market. KSAG's sole owner, Peter Steiner, will sell his remaining shares to HCC in 2014. The strategic fit of this transaction is that it helps HCC to capture the local market opportunity and provides the Company with a presence for European expansion. KSAG's rich expertise in total services contracting will allow HCC to undertake the development and construction of world-class residential and commercial spaces on a turnkey basis in India. This is one of the fastest growing segments in the country, and the Company intends to create a niche for itself by addressing the Indian customer's needs for top class, green and well integrated spaces for living, work and leisure. This also opens the Swiss and European market to HCC's business and will help procure greater access to technology and EPC capability.

Highlights of the acquisition rationale are:

- Entry into the integrated building construction market in India, which is estimated at Rs.65,000 to Rs.75,000 crore annually
- Total solutions capability for a facility at a single source
- Implementation of new technologies to support sustainable and green development
- Safe and fast construction processes
- Access to world-class, cutting-edge European technologies that will augment EPC offerings in India and other markets

GRI Content Index

STANDARD DISCLOSURES PART I: Profile Disclosures				
1. Strategy and Analysis				
Profile Disclosure	Description	Reference/ Page no.	Extent of reporting	Explanation
1.1	Statement from the most senior decision-maker of the organisation	7-11	Full	Statement from the Chairman and Managing Director and President and COO
1.2	Description of key impacts, risks, and opportunities.	7-9,43	Full	Dwelt upon in the section 'From the CMD's Desk' and Risk Management
2. Organisational Profile				
2.1	Name of the organisation.	6	Full	
2.2	Primary brands, products, and/or services.	13-18/ 21	Full	Business Lines / Brand Value
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	12-18, 105-107	Full	
2.4	Location of organisation's headquarters.	Back cover	Full	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	12-19	Full	
2.6	Nature of ownership and legal form.	12	Full	http://www.hccinda.com/investors

2.7	Markets served (including geographic breakdown, sectors served, and types of customers / beneficiaries).	13-19	Full	
2.8	Scale of the reporting organisation.	19,44,45,75	Full	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	12	Full	No significant changes in the reporting entity, during the reporting period in structure or ownership
2.10	Awards received in the reporting period.	23-25	Full	As this is our first report we have listed all awards that we have received including those in the reporting period
<u>3.Report Parameters</u>				
Profile Disclosure	Description			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	6	Full	From 1 st April 2009- 31 st March 2010
3.2	Date of most recent previous report (if any).	6	Full	This is our first Sustainability Report
3.3	Reporting cycle (annual, biennial, etc.)	6	Full	Annual
3.4	Contact point for questions regarding the report or its content.	6	Full	
3.5	Process for defining report content.	19,37-38	Full	Pg 19: Projects in

				scope for SDR 2009-10 Pg 37 – 38: Material issue identification
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	6, 12-19	Full	Pg 6: Boundary of report Pg 12-19: Details of Organizational Profile, Projects in Scope
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). I	GRI Content Index	Full	Mentioned in footnotes wherever data excludes specific projects/ locations/entities
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	,12-19	Full	E& C +HREL,HRIL, Lavasa,BWSL , Karl Steiner, EPC
3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply,	3	Full	About the Report

	or to substantially diverge from, the GRI Indicator Protocols.			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statements (e.g., mergers / acquisitions, change of base years / periods, nature of business, measurement methods).	-	Not Applicable	This is our first sustainability report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-	Not Applicable	This is our first sustainability report
3.12	Table identifying the location of the Standard Disclosures in the report.	108	GRI Content Index	
3.13	Policy and current practice with regard to seeking external assurance for the report.	6	Full	
<u>4. Governance, Commitments, and Engagement</u>				
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	40-42	Full	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	39	Full	
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	39	Full	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the	35,41	Full	

	highest governance body.			
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).		Full	There is no linkage at the moment
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	40	Full	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	40 - 41 and GRI content Index	Full	Currently, there is no clear process for the Board to guide the organization on ESG issues
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	20, 39 – 41, 52, 79, 89	Full	<p>Pg 20: Our Vision & Mission</p> <p>Pg 39 to 41: Our Board of Directors , code of conduct and board level committees</p> <p>Pg 52: Environmental Policy</p> <p>Pg 79: Occupational</p>

				Health and Safety Policy Pg 89: Workplace Policy on HIV/AIDS
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	40 – 43	Full	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	43	Full	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	GRI content Index	Full	We have instituted mechanisms to inform our Board Members about initiatives for assessing risk as well as periodic reviews that strengthen our risk governance framework. This

				framework ensures that risk detection, prevention, mitigation are examined at each stage of our project cycle
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	4,	Full	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	22	Full	
4.14	List of stakeholder groups engaged by the organisation.	34- 36	Full	
4.15	Basis for identification and selection of stakeholders with whom to engage.	34-36	Full	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	34-36	Full	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	34-36	Full	

DMA EC	Disclosure on Management Approach EC	101	Full	
DMA EN	Disclosure on Management Approach EN	101	Full	
DMA LA	Disclosure on Management Approach LA	102	Full	
DMA HR	Disclosure on Management Approach HR	102	Full	
DMA SO	Disclosure on Management Approach SO	103	Full	
DMA PR	Disclosure on Management Approach PR	104	Full	
STANDARD DISCLOSURES PART III: Performance Indicators				
Economic Performance Indicators				
Performance Indicator	Description	Reference	Extent of reporting	Explanation
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	44	Full	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	56,57	Partial	We have not yet quantified the financial implications of climate change for our business. However, we have reported on our initiatives to reduce energy consumption. We plan to report on this

				indicator fully by 2012
EC3	Coverage of the organisation's defined benefit plan obligations.	48, 76	Full	Includes retirement benefits given to people
EC4	Significant financial assistance received from government.	44(assistance from export credit agencies	Full	We do not receive any financial assistance from the government
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	GRI Content Index	Full	For all the sites reported on, we meet or exceed the local wage requirement
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	46	Full	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	48	Full	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through	GRI Content Index	Full	No infrastructure investments made for public benefit during the reporting period

	commercial, in-kind, or pro bono engagement.			
EN1	Materials used by weight or volume.	52	Full	
EN2	Percentage of materials used that are recycled input materials.	53,54	Full	
EN3	Direct energy consumption by primary energy source.	55,56	Full	
EN4	Indirect energy consumption by primary source.	55	Full	
EN5	Energy saved due to conservation and efficiency improvements.	55,56	Full	
EN8	Total water withdrawal by source.	58	Full	
EN10	Percentage and total volume of water recycled and reused.	59	Full	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Not Applicable	None of our project sites qualify as per stated criteria
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		Not Applicable	None of our project sites qualify as per stated criteria
EN16	Total direct and indirect greenhouse gas emissions by weight.	56	Full	

EN17	Other relevant indirect greenhouse gas emissions by weight.		None	We plan to enhance our scope to include air emissions from employee travel going forward. We should be able to track this successfully by 2012.
EN19	Emissions of ozone-depleting substances by weight.	GRI Content Index	Full	We do not use any ODS substances in our operations
EN20	Nox, Sox, and other significant air emissions by type and weight.	GRI Content Index	Partial	Within stipulated limits, but exact values would be reported by 2012
EN21	Total water discharge by quality and destination.	59	Partial	We are yet to be able to provide figures for total water discharged, but we are in the process of installing water meters at most of our project sites, which would make this possible in the future. We are expecting to report on this by 2011
EN22	Total weight of waste by type and disposal method.	66	Full	
EN23	Total number and volume of significant spills.	67	Full	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		NA	As a construction Company, we do not manufacture any products. We have however included initiatives to use fly ash and other environmentally friendly materials wherever applicable

EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		NA	We do not sell any products directly to the consumers we are a B2B company
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	68	Full	
EN30	Total environmental protection expenditures and investments by type.	68	Full	
LA1	Total workforce by employment type, employment contract, and region.	75	Full	Divided into officers and workmen
LA2	Total number and rate of employee turnover by age group, gender, and region.	75	Partial	Given the mobility of workforce across project sites, currently we have not reported on regional break up, but would be able to quantify the same from the year 2012 onwards.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	76	Full	
LA4	Percentage of employees covered by collective bargaining agreements.	76		Not mentioned as a percentage
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	GRI Content Index	Full	No such changes during the reporting period As prescribed under the Industrial Disputes Act, 1947, 21 days notice period is given.

LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	80	Full	
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	89-91	Full	Pg 89 & 90: HIV /AIDS workplace policy and initiatives Pg: 91: Our Strategic Partners
LA10	Average hours of training per year per employee by employee category.	78	Full	2,9, 77,79,86,90 (other training information)
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	77	Partial	
LA12	Percentage of employees receiving regular performance and career development reviews.	76-77	Full	All permanent employees receive regular performance feedback annually
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	75	Partial	Annual Report gives this detail. Link to the same provided in the corporate governance section.
LA14	Ratio of basic salary of men to women by employee category.	GRI Content Index	Full	No discrimination between men and women in terms of salary
HR1	Percentage and total number of significant investment	GRI Content	Full	Currently , our investment agreements

	agreements that include human rights clauses or that have undergone human rights screening.	Index		do not include human rights clauses
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	GRI Content Index	Full	Till now we have not conducted any assessment of our suppliers and contractors based on human rights
HR4	Total number of incidents of discrimination and actions taken.	76	Full	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.		NA	None of our operations have this risk
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	76	Full	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	76	Full	
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	85 -99	Full	Pg 85 – 89: Our Community Development Initiatives Pg 89 – 91: HIV/AIDS Intervention Initiatives Pg 92 – 96: Our Disaster

				Resource Network (DRN) Pg 97: First Responsibility forum in India Pg 98 -99 : Gulabchand Foundation
SO2	Percentage and total number of business units analysed for risks related to corruption.	GRI Content Index	Full	We have not analyzed our business units for corruption related risks
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	40	Full	
SO4	Actions taken in response to incidents of corruption.	76	Full	
SO5	Public policy positions and participation in public policy development and lobbying.	4, 62-65	Full	Signatory to UN CEO Water Mandate And UNGC also the Chairman and company's memberships and involvement with industry associations and other forums
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	GRI Content Index	Full	No fines during the reporting period
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such		Not Applicable	As a construction company, we do not manufacture products or services. We ensure that our structures are safe from the design upto the completion stage ,

	procedures.			though we do not carry out lifecycle assessments at this point
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	GRI Content index	Full	No incidents of non compliance during reporting period
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.		Not Applicable	Not applicable to our business process, as a construction company
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	34	Full	
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	GRI Content Index	Full	The corporate communications practices of HCC conform to the laws and acts that govern corporate advertising, promotion and sponsorship.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	100	Full	No fines during the reporting period

INDEPENDENT ASSURANCE STATEMENT

The Management and Board of Directors
Hindustan Construction Company
Mumbai, India.

Our engagement

Ernst & Young Pvt. Ltd. ("EY") was retained by Hindustan Construction Company ("Company") to provide an independent assurance on its Corporate Sustainability Report titled 'Beyond Bread' for its Engineering and Construction Business for the financial year 2009-10 ("Report").

The Company's management is responsible for the contents of the Report, its presentation, identification of key issues, engagement with stakeholders and its presentation. EY's responsibility is to provide independent assurance on the report content as described in the scope of assurance.

Our responsibility in performing our assurance activities is to the management of the Company only, and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of assurance

The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company's sustainability performance for the period 1 April 2009 to 31 March 2010;
- Review of sustainability data and information covering four business units of the Company's Engineering and Construction business at the following locations:
 - Transportation business unit at Badarpur: Elevated Road Corridor, Badarpur, Haryana;
 - Water Solutions business unit at Maroshi: Ruparel Tunnel Project, Mumbai, Maharashtra;
 - Hydro Power business unit at Chamera: Hydro-electric Power Project, Stage III, Himachal Pradesh and
 - Nuclear and Special Projects business unit at Vishakhapatnam: Rock Cavern Project, Andhra Pradesh;
- The Company's internal policies, protocols and processes related to collection and collation of sustainability performance data.

Exclusions

The assurance scope excludes:

- Operations of the Company other than the Engineering and Construction Business;
- Aspects of the Report other than those mentioned above;
- Data and information outside the defined reporting period (1 April 2009 to 31 March 2010);
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention;
- Review of the 'economic performance indicators' included in the Report which, we understand, are derived from the Company's audited Annual Report 2009-10.

Level of assurance and criteria used

The assurance engagement was planned and performed in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles, as well as sustainability performance indicators as per GRI 2006 (GRI G3) guidelines.

Key steps

The performance of our engagement involved the following key steps:

- Interviews at the Company's corporate office with Engineering and Construction Business Heads, Function Heads and key personnel to understand the sustainability vision, mechanism for management of key sustainability issues;
- Visits to four sample sites covering the Company's four business units amongst those mentioned in the 'Scope of Assurance' above;
- Review of relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period;
- Evidence in support of claims made in the Report regarding the Company's sustainability performance was reviewed and necessary clarifications were obtained. Stakeholder engagement process was reviewed through interviews with concerned personnel;
- Review of material qualitative statements and sample case studies in various sections of the Report;
- Most of the information and data reviewed were supported with documentary evidence; wherever such documentary evidence could not be collected, our team physically reviewed the documents.

Observations

Our key observations are as follows:

- The Company has demonstrated its commitment to sustainability by appointing Sustainability Champions at all project sites and expanding the scope of Information Management System (IMS) to include key sustainability information;

- The Company has focused action towards improved water management and efforts are being made to further its understanding, control and performance with respect to water withdrawal, consumption and reuse;
- The Company has attempted to report on issues viewed as most material for its business though this view is largely internal so far, and could incorporate feedback by external stakeholders to make the materiality analysis more comprehensive, in the future;
- Records on safety, training related data and documentation for corporate social responsibility programs at sample sites was found to be adequate and well maintained;
- Calculation of man-hours worked, as reviewed across the different project sites visited, was not found to be consistent (Badarpur and Maroshi);
- Reporting against air emissions from Diesel Generator (DG) stacks across sites was observed not to be consistent. The Company may consider establishing a standard protocol for monitoring and reporting on DG stack emissions;
- The Company engages in selected community initiatives around the project sites. These are largely at the behest or suggestion of local administration or the Company's client. The Company may consider tracking of facilities provided to the beneficiaries. We observed that an attempt has been made by commissioning a study to redesign/review the community development approach;
- The Company may consider setting specific sustainability related goals and targets (e.g. along the lines of material issues identified in this year's report), tracking progress against the same and reporting on the achievements in next year's report.

Our conclusion

On the basis of our review scope and methodology, nothing has come to our attention that would cause us not to believe that the Report presents the Company's triple-bottom-line performance, in material respect, in line with the GRI-G3 reporting principles and criteria.

Our assurance team

Our assurance team, comprising of multidisciplinary professionals, was drawn from our Climate Change and Sustainability Services, undertakes similar engagements with a number of Indian and international Companies.

for Ernst & Young Private Limited

A handwritten signature in blue ink, appearing to read 'Sudipta Das'.

Sudipta Das
Partner
22 October 2010
Kolkata

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