

एच.एस.सी.सी

HSCC

A Miniratna Co.

HSCC (India) Ltd.

(A Subsidiary of NBCC (India) Limited)
(A Government of India Enterprise)

35th

Annual Report

2017-18



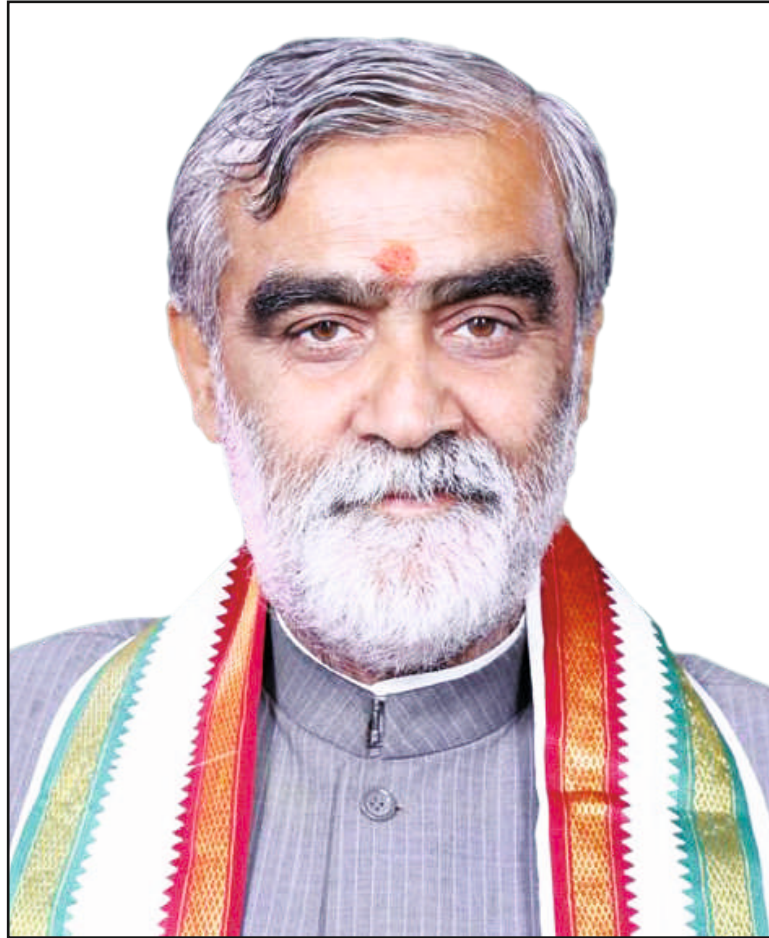
35th ANNUAL GENERAL MEETING (AGM)



The 35th Annual General Meeting was chaired by Shri Gyanesh Pandey on 31st December 2018.



Shri Jagat Prakash Nadda
Hon'ble Union Minister
for
Health & Family Welfare



Shri Ashwini Kumar Choubey

Hon'ble Minister of State
for
Health & Family Welfare



Smt. Anupriya Patel
Hon'ble Minister of State
for
Health & Family Welfare



Smt. Preeti Sudan
Hon'ble Secretary
for
Health & Family Welfare

BOARD OF DIRECTORS



Shri Gyanesh Pandey
Chairman & Managing Director



Smt. Vijaya Srivastava
Special Secretary & Financial Advisor
Ministry of Health & Family Welfare



Shri Navdeep Rinwa
Joint Secretary
Ministry of Health & Family Welfare



Shri S. K. Jain
Director (Engineering)

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CHAIRMAN'S SPEECH



To Esteemed Shareholders,

On behalf of the Board of Directors of HSCC, it gives me immense pleasure to welcome all of you at this 35th Annual General Meeting of your Company. I take this opportunity to extend sincere thanks to you for joining us today and your unstinted support, provided to the Company during the year.

The Director's Report and the Annual Audited Accounts for the year 2017-18 are already with you, and with your permission I take them as read.

Review of Performance

As you would have seen in the Annual Report, during FY 2017-18 we set new records with strong top line and bottom line growth and high-quality earnings, reflecting the robustness of its Corporate Strategy of creating fast growth drivers. This performance is particularly remarkable when viewed against the backdrop of the extremely challenging business context in which it was achieved, namely, a slowdown in the economy and high levels of inflation.

I am glad to report that your Company has posted impressive performance for the year ended on 31st March 2018.

I am pleased to place before the shareholders that during Financial Year 2017-18, the Total Income has achieved at

Rs. 1612.20 Crore as compared to Rs. 1619.25 Crore in the previous year. The Company earned Consultancy Fees of Rs. 96.26 Crore as compared to Rs. 79.35 Crore for previous year resulting 21.31% growth, which is higher than average industrial growth in India.

The Company posted pre-tax profit of Rs. 58.22 Crore as against Rs.56.16 Crore during previous year. Thus, company achieved 3.67% growth in pre-tax profits for the year 2017-18. The Company earned Net Profit of Rs.37.47 Crore as compared to 37.61 Crore earned in previous year.

With your support, our Company has outperformed excellently, consequently, HSCC has achieved the status of one of the fastest growing PSU in India.

I am pleased to inform you that Company has recommended 624.44% dividend on paid up capital amounting to Rs. 11.24 Crore out of Current year's profit for the year 2017-18. This is the 34th consecutive year the company declared the dividend. Upon paying this year's dividend, cumulative dividend paid to Government of India would be Rs.79.33 Crore around 44 times of current paid up equity capital of the Company.

Buy Back of Shares

As per Office Memorandum of Department of Investment & Public Asset Management (DIPAM) and

approval from MOHF&W, the Company processed the Buyback of 25% fully paid up equity share capital i.e. Buyback of 60,004 Equity Shares of Rs. 100 each at a price of Rs. 8259 each from President of India. The Company remitted Rs. 49.56 Crores to Government of India towards Buy-Back Proceeds.

Strategic Dis investment of HSCC with NBCC India Ltd.

The Company was in process of strategic dis investment with similarly placed CPSE NBCC (India) Limited (NBCC) has been selected as buyer for 100% strategic disinvestment of HSCC (India) Limited. Letter of award was issued by the Department of Public Asset Management (DIPAM) to NBCC on 13th September 2018. Share Purchase Agreement has been signed on 06.11.2018.

Mini Ratna Status

HSCC has achieved the status of Mini Ratna Category I Public Sector Undertaking with effect from 31.12.2015 from Mini Ratna category II PSU rated in September 2002.

MOU

Top Management is striving to achieve sustained growth in turnover as well as in pre-tax profits continually through strategic interventions like cost-control, optimum utilization of resources and system improvements. The Company has achieved "Very Good" Rating under the Memorandum of Understanding (MOU) for the year 2016-17 signed with the Ministry of Health & Family Welfare as per guidelines of Department of Public Enterprises (DPE), Government of India. Further, based on results, for the year 2017-18, the Company expects to get Very Good rating as per MOU evaluation.

Corporate Social Responsibility

The Company being in the field of Health Care, all its activities and operations are indirectly dedicated towards the social responsibility.

During the year 2017-18, HSCC contributed total of Rs. 144.12 lakhs on account of Corporate Social Responsibility. Company has contributed Rs. 94.12 Lakh towards Clean Ganga Fund for river development and rejuvenation of River Ganges. HSCC has also contributed Rs. 50 Lakhs for SAI centre at Haryana to Sports Authority of India (SAI).

Global Business

Your Company has also been exploring business opportunities abroad through Ministry of External Affairs in the SAARC group of countries.

Growth Vision

To be a leading consulting company providing value-added, innovative and integrated services for enhancing healthcare in India and overseas, leveraging its core competence in other infrastructure projects and providing an invigorating and enabling work environment to its professional employees.

In order to develop into a world class Consultancy Organization, thrust is on diversifying and expanding the operations such as Building Engineering and maintenance services and also the client base of the Company.

Corporate Governance

The philosophy of the Company is to ensure transparency in its dealings and compliance of country's laws and regulations in order to promote ethical conduct of business. i.e. observing, transparency, integrity, professionalism, accountability and proper disclosure.

Acknowledgment

In conclusion, on behalf of the Board of Directors and on my own behalf, I extend sincere thanks for the valuable guidance, support and cooperation extended to the Company by the Ministry of Health & Family Welfare, Ministry of External Affairs and stakeholders. I thank all our esteemed shareholders for their continued support, whose trust and confidence are pillars of strength in our entire endeavour.

I also place on record my sincere thanks to all our valuable Clients - Ministry of Health & Family Welfare, Ministry of External Affairs, AIIMS, PGI Chandigarh, Govt of Mauritius, Govt. of Punjab & Haryana, Govt. of Kerala, Govt. of Himachal Pradesh, Govt. of Chhattisgarh, Govt. of Uttar Pradesh and other Business Associates for the continuous support and reposing confidence in us. The Company, as always, will remain focused on Customer Satisfaction.

I also like to thank the CAG, Statutory Auditors and Internal Auditors of the Company for their valuable co-operation.

I place on record the appreciation to the hard work, commitment and unstinting efforts put in by your Company's employees at all levels.

I place on record the appreciation to the hard work, commitment and unstinting efforts put in by your Company's employees at all levels.

In return to your cooperation and support extended to me, I promise to take your company to new and commanding heights.

Thanking you,

Sd/-

(Gyanesh Pandey)
Chairman and Managing Director

Place : New Delhi
Dated : 31.12.2018

VISION, MISSION, CORPORATE VALUE & CORPORATE QUALITY POLICY

VISION

“To be a leading consulting company providing value-added, innovative and integrated services for enhancing healthcare in India and overseas, leveraging its core competence in other infrastructure projects and providing an invigorating and enabling work environment to its professional employees.”

MISSION

“Providing comprehensive, concept to commissioning, project planning, architectural, engineering, project management, procurement and related consulting services for development of buildings and infrastructure for healthcare and other purposes in India and overseas.”

CORPORATE VALUES

- Focus on value addition to the customer
- Fostering Creativity and innovation within the organization
- Create a learning organization
- Team Spirit as the enabler for all our activities

CORPORATE QUALITY POLICY

To maintain leadership and customer confidence by providing continually improving quality consultancy services in the Healthcare and other Social Sectors.

SERVICE SPECTRUM

CONCEPTUAL STUDIES & MANAGEMENT CONSULTANCY

- Baseline Surveys & Economic Studies
- Epidemiological Survey
- Systems Planning
- Feasibility Studies
- Restructuring/Reorganization Studies
- Evaluation Studies

PROCUREMENT

- Drugs & Pharmaceuticals
- Medical Equipment
- Other Equipment
- Communication Systems
- Appliances
- Furniture & Fixture

PROJECT MANAGEMENT

- Project Planning including Selection of Contractors & award of work
- Project Monitoring
- Quality Control
- Construction Supervision
- Contract Administration
- Financial Control

INFORMATION TECHNOLOGY

- Health MIS
- System Integration

FACILITY DESIGN

- Conceptual Designs
- Basic Design
- Architectural Design/Plans
- Engineering Designs
- Equipment Planning
- Waste Management
- Design Coordination

ENGINEERING STUDIES

- Renovation/Rehabilitation
- Modernization/Up-gradation
- Expansion
- Productivity/Efficiency Improvement

LOGISTICS & INSTALLATION

- Transportation
- Clearing & Forwarding
- Site Delivery
- Installation
- Testing & Commissioning
- Training

NEW AREA (DIVERSIFICATION)

- Engineering & Maintenance of Facilities
- Animal Vaccine Manufacturing Facilities
- Pharmaceutical Manufacturing Facilities
- Training of Overseas Medical Professionals
- Development of Bio-Technology R&D Institutes
- Projects in New Development International Markets

NOTICE

Notice be and is hereby given that the **35th Annual General Meeting of the Members of the HSCC (India) Limited will be held on Monday, December 31, 2018 at 3.00 PM at NBCC Bhawan, Lodhi Road, New Delhi -110003** to transact the following businesses :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the reports of the Board of Directors and Auditors thereon.
2. To declare the final dividend for the Financial Year 2017-18.
3. To authorize the Board of Directors to fix the remuneration of the Statutory Auditors of the Company appointed by the Comptroller & Auditor General of India for auditing the accounts of the Company for the financial year 2018-19.

In this connection to pass with or without modifications the following resolution, as an Ordinary Resolution:

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditors of the Company appointed by Comptroller and Auditor General of India for the financial year 2018-19, as may be deemed fit.”

**BY ORDER OF THE BOARD
For HSCC (INDIA) LIMITED**

Sd/-
(Saurabh Srivastava)
CGM (F&A)

Place: New Delhi

Date: December 28, 2018

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING (FORM OF PROXY IS ANNEXED).
2. A person can act as proxy on behalf of members not exceeding fifty (50) & holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority as applicable. The Proxy-holder shall prove his identity at the time of attending the Meeting.
3. The statement pursuant to the provisions of the Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Considering the performance of the Company for the financial year 2017-18, the Board of Directors has recommended Dividend @ 624.44% of the Paid-up Equity Share Capital of the Company amounting to Rs.11.24 Crores. This is subject to the approval of Members at the Annual General Meeting.
5. The Record Date to determine the name of shareholders for determining eligibility for dividend on equity shares if declared at the AGM is December 28, 2018.
6. Attendance Slip and Proxy Form is annexed hereto.
7. The Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and their remuneration is to be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. It is proposed that the Members may authorize the Board of Directors to fix the remuneration in addition to applicable service tax and reimbursement of actual travelling and out of pocket expenses of the Statutory Auditors duly appointed by the Comptroller and Auditors General of India.

**BY ORDER OF THE BOARD
For HSCC (INDIA) LIMITED**

Sd/-
(Saurabh Srivastava)
CGM (F&A)

Place: New Delhi

Date: December 28, 2018

PERFORMANCE AT A GLANCE

The Company has yet again posted excellent results for the year ending 31.03.2018 with the turnover of Rs. 161220 Lakhs and profit after tax of Rs. 3747 lakhs.

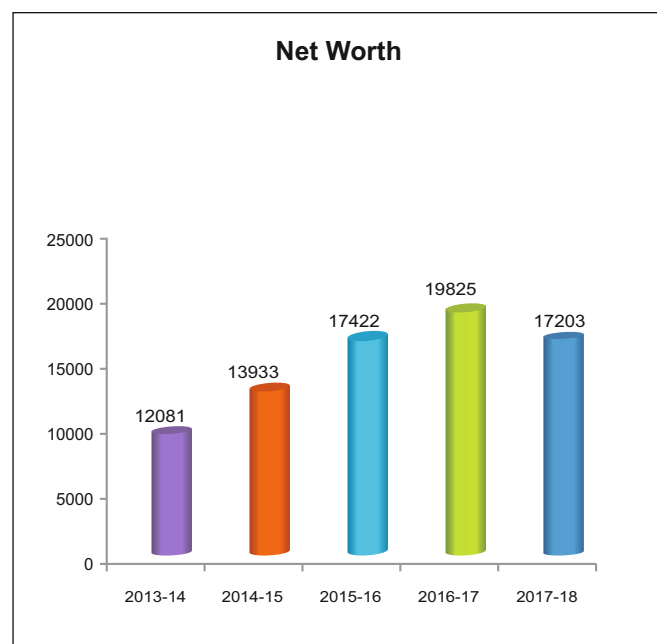
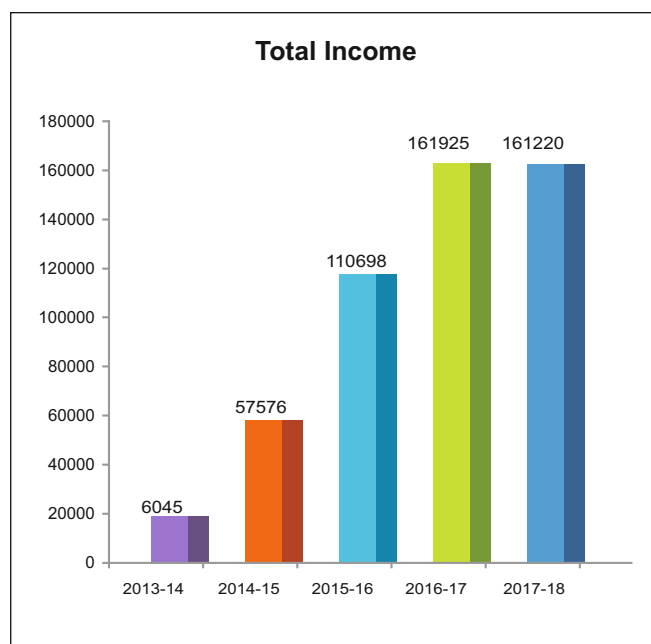
The Company incorporated in 1983 with the paid up capital of Rs. 40 lakhs and later on issued bonus shares of Rs. 200 lakhs out of Reserves & Surplus resulting in increase of paid up capital to Rs. 240 lakhs. In F.Y. 2017-18, as per Office Memorandum of Department of Investment & Public Asset Management (DIPAM) and approval from MOHF&W, the Company processed the Buyback of 25% fully paid up equity share capital i.e. Buyback of 60,004 Equity Shares of Rs. 100 each at a price of Rs. 8259 each from President of India. The Company remitted Rs. 4955.73 lakhs to Government of India towards Buy-Back Proceeds resulting in decrease of paid up capital to 180 lakhs. The Net Worth has touched to Rs. 17203 Lakhs as on 31.03.2018.

The objectives and strategies of HSCC are designed to significantly enhance Net Worth through business growth that drives higher revenue and profits as well as strong sustained free cash flow generation. In this way we will enhance company's value while at the same time maintaining a strong balance sheet and attractive dividend to share holders.

We will continue to evolve as best service provider in healthcare sector with both quality and timing factor, offering distinctive and innovative services that delights our clients.

(₹ in Lakhs)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Income	6045	57576	110698	161925	161220
Profit Before Tax	3714	3795	8687	5616	5822
Net Profit	3928	2454	5462	3761	3747
Net Worth	12081	13933	17422	19825	17203
Dividend	492	492	1638	1128	1124
Rating Against MOU	Excellent	Very Good	Excellent	Very Good	Very Good (Expected)



FINANCIAL SUMMARY

THE DECADES FINANCIAL RESULTS AT A GLANCE

(Figures Rs. in Lakhs)

Particulars	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
FINANCIAL PERFORMANCE										
Paid-up Capital	240	240	240	240	240	240	240	240	240	180
Reserve & Surplus	6341	6999	7632	8708	10347	11841	13693	17182	19585	17023
Net Worth	6581	7239	7872	8948	10587	12081	13933	17422	19825	17203
Net Fixed Assets	675	632	615	600	685	693	649	635	707	706
Working Capital	5811	6440	7117	8568	10200	12053	14165	17519	24083	17188
Capital employed	6581	7072	7731	9168	10885	12746	14814	18154	24790	17895
OPERATING STATISTICS										
Consultancy Fee*	1936	2097	2311	2929	3380	3919	49004	102180	151116	151311
Interest & Other Income	1337	1218	1034	1529	2455	2126	8572	8518	10809	9910
Total Income*	3273	3315	3346	4458	5835	6045	57576	110698	161925	161220
Expenditure	1696	2002	1993	2048	2203	2287	53782	101948	156236	155320
Gross Margin	1577	1313	1353	2409	3632	3758	3794	8750	5689	5900
Depreciation	44	39	36	58	32	44	69	63	73	78
Profit before Tax	1533	1274	1317	2352	3600	3714	3725	8687	5616	5822
Profit after Tax	970	787	830	1472	2257	2398	2384	5462	3761	3747
Provision for taxation	563	487	487	880	1343	1316	1341	3225	1855	2075
Dividend	208	173	173	300	468	492	492	1638	1128	1124
MANPOWER										
Employees (in Nos)	139	135	132	124	123	143	153	162	176	184
(On regular Pay Scales)										
RATIOS										
PBT/Total Income (%)	47%	38%	39%	53%	62%	61%	6%	8%	3%	4%
Net Profit/Total Income (%)	30%	24%	25%	33%	39%	40%	4%	5%	2%	2%
Net Profit/Net Worth (%)	15%	11%	11%	16%	21%	20%	17%	31%	19%	22%
Total Income Per Employee	24	25	25	36	47	42	376	683	920	876
Earning Per Share (EPS) (Rs.)	404	328	346	613	940	999	993	2276	1567	2081
Book Value Per Share (Rs.)	2742	3016	3280	3728	4411	5034	5805	7259	8260	9555

*Consultancy fee for 2017-18 include Value of workdone of Rs. 141685 lakhs and consultancy fee of Rs. 9626 lakhs

DIRECTORS' REPORT

To,

The Shareholders
HSCC (India) Limited

REGISTRATION AND OTHER DETAILS

i) CIN	:	U 74140 DL 1983 GOI 015459
ii) Registration Date	:	30.03.1983
iii) Name of the Company	:	HSCC (India) Limited.
iv) Category	:	Public Sector Undertaking
v) Registered Office	:	205, East End Plaza, Plot No. 4, D.D.A.-L.S.C., Centre-II, Vasundhra Enclave, Delhi – 110096
vi) Corporate Office	:	E-6(A), Sector-1, NOIDA- 201301
vii) Listed Company	:	No.

AUDITED STATEMENT OF ACCOUNTS

The Directors of your Company have the pleasure in presenting the 35th Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2018.

FINANCIAL PERFORMANCE

The Financial Performance of the Company for the financial year 2017-18 along with the comparative figures for 2016-17 is indicated below: -

(₹ in Crores)

Particulars	2017-18	2016-17
Total Income	1612.20	1619.25
Total Expenditure	1553.84	1563.56
Profit before Exceptional & Extraordinary items	58.36	55.69
Exceptional & Extraordinary items	0.14	(0.47)
Profit Before Tax	58.22	56.16
Tax Expenses (net)	20.75	18.55
Profit After Tax	37.47	37.61
Dividend	11.24	11.28
Net Worth	172.03	198.25
Earnings per Share(Rs.)	2081.34	1566.95

CAPITAL STRUCTURE

The Authorised Capital of the Company stood at Rs.500 lakhs during the year under review.

The Paid Capital of the Company as at the start of the year was Rs. 240.01 lakhs. During the year, in terms of approval from MoH&FW and DIPAM, the Company processed the Buy-back of 60,004 Equity Shares of Rs. 100 each at a price of Rs. 8259 each from President of India. The Paid- Up Capital of the Company stood at Rs. 180.01 lakhs as at the end of the year under review.

DIVIDEND

Considering the performance of the Company for the financial year 2017-18, the Board of Directors has recommended Dividend @ 624.44% of the Paid-up Equity Share Capital of the Company amounting to Rs. 11.24 Crores. This is subject to the approval of Members at the Annual General Meeting. This works out to 30% of the Post Tax Profit, which is in line with the guidelines issued by Department of Economic affairs, Ministry of Finance. This is the 34th consecutive year in which the Company has declared dividend and with this the cumulative dividend till 2017-18 would be Rs. 79.33 Crores.

APPROPRIATION TO GENERAL RESERVE

After making provisions for dividend the Board of Directors recommends transfer of Rs. 200 lakhs (Previous Year Rs. 200 lakhs) out of the Net Profit appearing in the Profit & Loss Account to the General Reserve. The Capital Redemption Reserve of Rs. 60 Lakhs was created out of General Reserve, for the purpose of Buy-Back. Cumulative Reserve & Surplus as on 31.3.2018 stands at Rs. 170.23 Crores (Previous Year Rs. 195.85 Crores).

FUNDS ON BEHALF OF MINISTRY/CLIENT

The funds on behalf of Ministry / Clients which has been considered under different heads of Current Assets & Current Liabilities are as under –

On behalf of Ministry / Clients –	As on 31.03.18	As on 31.03.17
A. Current Assets	Rs. In Crores	Rs. In Crores
- Cash & Cash Equivalents	2083.22	1424.80
- Short Term Loans & Advances	273.91	195.43
- Other Current Assets	352.29	383.45
	2709.42	2003.68
B. Current Liabilities		
- Other Current Liabilities	2709.42	2003.68

PERFORMANCE HIGHLIGHTS

The Company continued to maintain its progress in its activities and operations. All out efforts are being made to expand the area of operations of the Company. Further, services of a few Experts and Consultants are being utilized to avail higher degree of technical expertise in performing the various activities of the Company.

During the year 2017-18, HSCC was awarded the work of rendering Consultancy Services for Design & Engineering, Project Management and Procurement of Medical Equipment's, Drugs & Pharmaceuticals, etc. for various prestigious & challenging projects.

During the year 2017-18, HSCC has achieved Total Turnover of Rs. 1612.20 Cr and has achieved Net Worth of 172.03 Cr.

A list of major on-going projects where HSCC is rendering Consultancy Services is placed at **Annexure I**.

MEMORANDUM OF UNDERSTANDING

The Company has been signing MOU with Ministry of Health & Family Welfare for more than a decade. The Company has been rated 'Very Good' by DPE for the year 2016-17 and expects to be rated 'Very Good' based on the results for the year 2017-18.

STRATEGIC DISINVESTMENT

As per Office Memorandum of Department of Investment & Public Asset Management (DIPAM), the Company was in process of strategic disinvestment with similarly placed CPSE. NBCC (India) Limited (NBCC) has been selected as buyer for 100% strategic disinvestment of HSCC (India) Limited. Letter of award was issued by the Department of Public Asset Management (DIPAM) to NBCC stating the following:

1. Acceptance of Price Bid of INR 285 Crore submitted by NBCC (India) Limited for sale of the Government of India's existing 100% paid-up equity share capital of HSCC along with transfer of management control;
2. Authorizing the Ministry of Health and Family Welfare on behalf of President of India, to sign the final Share Purchase Agreement;
3. Exemption to NBCC (India) Limited, the higher bidder, from the requirement of obtaining security clearance on account of the bidder being a Government Company [under Section 2 (45)] of the Companies Act, 2013]
4. In view of above decision, Ministry of Health and Family Welfare is requested to issue directions to M/s HSCC (India) Limited to seek consent of NBCC in the intervening period; till the management control of HSCC is not transferred to NBCC, in respect of decision impacting operational & financial parameters of the company.

Share Purchase Agreement has been signed on 06.11.2018. Other required activities are in process.

BUYBACK OF SHARES

As per Office Memorandum of Department of Investment & Public Asset Management (DIPAM) and approval from MOHF&W, the Company processed the Buyback of 25% fully paid up equity share capital i.e. Buyback of 60,004 Equity Shares of Rs. 100 each at a price of Rs. 8259 each from President of India. The Company remitted Rs. 4955.73 lakhs to Government of India towards Buy-Back Proceeds.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The Company is conscious about the need for conservation of energy and this aspect is taken care of in consultation with its clients by advocating the maximum use of natural light, solar light and LED installations. The Company has not imported any technology and the details of foreign exchange earnings or outgo during the financial year under review are as follows:

(₹ in Crores)

	2017-18	2016-17
A. Expenditure		
- Travelling	0.12	0.06
- Import of Capital Goods on C.I.F. basis (On behalf of Clients)	75.86	25.36
B. Income	Nil	Nil

HUMAN RESOURCES

HSCC being the knowledgebased Company, its real strength lies in its manpower. The Company is committed to building a team of competent professionals and therefore focuses development of its human resources. Ample opportunities are provided to employees all levels to enhance their knowledge and skills. During the year, employees were deputed to various training programs to ensure that the knowledge and skills of the employees are continuously upgraded. As on 31st March, 2018, the company had manpower strength of 184 employees on regular pay scales and 134 on fixed tenure basis, including 60 SC/ST/OBC category employees and 3 employees belonging to PwD category. The employee management relationship continued to be excellent throughout the year.

WELFARE ACTIVITIES

The Company continues to motivate the employees by providing various social benefits for the employees and their families.

IMPLEMENTATION AND PROMOTION OF OFFICIAL LANGUAGE

The Company continued to make efforts to fulfill the targets prescribed by Govt. of India in the Official Language Act and Rules framed there in with regard to increase the use of Hindi Rajbhasha in office during the year 2017–18. Employees were motivated to use their working knowledge of Hindi in day-to-day official work. All the Standard Forms, Files, etc. are bilingual. Significant progress has been made in the field of correspondence, noting and drafting in Hindi. All Hindi letters are being replied in Hindi only. To popularize the use of Hindi, the Company organized a Hindi Pakhwada from 11.09.2017 to 24.09.2017 during which various competitions based on knowledge of Official Language were organized. Besides, the Company is also a member of the Town Official Language Implementation Committee, NOIDA under the Ministry of Home Affairs, Government of India and is also represented at various competitions, meeting, seminars etc.

VIGILANCE

The Company being a Consultancy Organization in group C category of PSU there is no full time Vigilance Officer (VO) in the company. Shri R.K. Agarwal, GM -Projects (Electrical) is acting as Vigilance Officer (VO) Part Time w.e.f. 14.11.2014. During the year, Vigilance Cell has functioned as an effective part of management. Annual reports, Quarterly Progress Reports, Monthly report, Private Foreign Visits, CTE reply were submitted to the respective agencies on time. CVC guidelines, received from time to time, were followed and adhered to as precautionary and preventive measure and inquiries are properly and promptly attended. Existing systems and procedures were reviewed for further improvements and all out efforts were made to ensure transparency in the working of the Company. To maintain high moral standard of employees the Central Vigilance Commission observing Vigilance Awareness Week from 29th October, 2017 to 3rd November, 2017 accordingly we are also observing Vigilance Awareness Week. The Pledge was administered to all employees.

DEPOSITS

During the year under review, your Company has not accepted any deposit and no principal or interest was outstanding as on March 31, 2018.

LOAN, GUARANTEES AND INVESTMENTS

The Company has not provided for any Loan, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, associates or joint venture Companies as per the Companies Act, 2013.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

There are no Related Party Transactions made during the period under review.

PARTICULARS OF EMPLOYEES

Particulars of Employees are required to be disclosed under Section 134 of Companies Act, 2013 read with Companies Particulars of Employees Rules, 1975, as amended from time to time. None of the employees of the Company was in receipt of remuneration of more than Rs. 102 lakhs per annum or Rs. 8.5 lakhs per month.

RISK MANAGEMENT

The Company have its own Risk Management Policy to manage and monitor the principal risks and uncertainties that may affect the functioning of the Company.

INTERNAL FINANCIAL CONTROL

The Company's Internal Financial Control Systems are commensurate with the nature of its business and the size and complexity of operations. The Company has in place adequate internal financial controls with reference to financial statements.

AUDIT COMMITTEE

The Company has constituted Audit Committee with Board members. The recommendations made by the Audit Committee are accepted by the Board.

REMUNERATION COMMITTEE

The Company has constituted Remuneration Committee with Board members.

INDUSTRIAL RELATIONS

Harmonious industrial relations were maintained during the year resulting in no loss of man days on account of strike or labour unrest.

CORPORATE GOVERNANCE

Corporate Governance practices in your Company focus on transparency, integrity, professionalism and accountability. The quarterly reports in the format prescribed by the Department of Public Enterprises (DPE), as per the guidelines on Corporate Governance, informing the status about Corporate Governance are being submitted to Ministry of Health & Family Welfare. As per Guidelines on Corporate Governance issued by Department of Public Enterprises, a "Corporate Governance Report" and a "Management Discussion and Analysis Report" are placed at **Annexure II** and **III** respectively.

NUMBER OF MEETING OF BOARD OF DIRECTORS

The Board met Four (4) times during the financial year 2017-18 and the Company has complied the conducting Board meeting within the prescribed time limit of the Companies Act, 2013.

BOARD OF DIRECTORS

Policy on Directors appointment etc.: HSCC being a Government Company, the provisions of section 134(3)(e) of the Companies Act, 2013 shall not apply in view of the Gazette notification dated 05.06.2015 issued by Government of India, Ministry of Corporate Affairs.

Performance Evaluation: HSCC being a Government Company, the provisions of section 134(3)(p) of the Companies Act, 2013 shall not apply in view of the Gazette notification dated 05.06.2015 issued by Government of India, Ministry of Corporate Affairs.

APPOINTMENT / CESSATION ETC.

(A) Directors nominated/appointed to hold office during and after the financial year:

Ms. Preeti Pant from 23.04.2018 onwards
 Joint Secretary, MOH&FW

(B) Directors who ceased to hold office during and after the financial year is as under:

Shri Navdeep Rinwa from 16.01.2017 to 23.04.2018
 Joint Secretary, MOH&FW
Shri S K Jain from 16.04.2013 to 16.04.2018
 Director (Engineering)

(C) The following Directors are holding offices as on the date of the Report.

Shri Gyanesh Pandey CMD, HSCC	from 26.07.2012 onwards
Smt. Vijaya Srivastava SS & FA, MOH&FW	from 19.02.2015 onwards
Ms. Preeti Pant Joint Secretary, MOH&FW	from 23.04.2018 onwards

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 of the Companies Act, 2013, your Directors hereby reports as under: -

- That in preparation of the Annual Accounts, the applicable Accounting Standards has been followed.
- That the Accounting Policies adopted by the Company are consistently followed that are reasonable and prudent to give true and fair view of the state of affairs of the Company at the end of financial year and of the Profit or Loss of the Company for that period.
- That proper and sufficient care has been taken for maintenance of accounting records in accordance with the provisions of this Act for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Annual Accounts have been prepared on a going concern basis.
- That the directors had devised proper systems to ensure compliance with provision of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

During the year Company has spent Rs 1.44Crores(including Rs. 0.23 crores for previous period)(previous year Rs 1.91Crores) against the required amount to be spent on Corporate Social Responsibility (CSR) i.e. 2% average profit of last three financial years i.e. Rs.1.21Crores(previous year Rs. 1.08Crores) as per section 135 of the Companies Act, 2013.

The Company has no reserve in the CSR Fund Account.

INTERNAL AUDITORS

M/s Prem Gupta & Co., Chartered Accountants, have been appointed as internal cum concurrent auditor for the financial year 2018-19 at a fee of Rs.2,40,000/- including conveyance plus Tax as applicable. This is their First year of appointment.

AUDITORS AND AUDITOR'S REPORT

Statutory Auditors

M/s LC Kailash and Associates, Chartered Accountants, New Delhi have been appointed by the Office of the Comptroller & Auditor General of India as Statutory Auditors of the Company for the financial year 2017-18. The remuneration fixed by the Company for them for the financial year 2017-18 is Rs. 10,00,000/- (Rupees Ten Lakhs only) plus Tax as applicable. This is the third year of their appointment.

Secretarial Audit

The Secretarial Audit Report for the financial year ended on 31st March 2018 by Company Secretary in practice M/s Parveen Rastogi & Co. is placed at **Annexure IV** as an addendum to Directors' Report.

Cost Audit

As prescribed under the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting records are not applicable to your Company.

Management's replies to Comments in the Auditors' Report is placed at **Annexure V** as addendum to Directors' Report.

The Comments of CAG (Comptroller and Auditor General) is placed at **Annexure VI** as addendum to Directors' Report.

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company is proposed to place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 in the next Board Meeting for approval. However, no complaint of sexual harassment was received during the year 2017-18.

GENERAL

Directors hereby state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. No material change and commitment affected the financial position of the company occurred after the end of the financial year to which this financial statement relate and upto the date of this report.
2. The Company is compliant of the Secretarial Standards issued by the ICSI from time to time.

ACKNOWLEDGMENT

The Directors deeply appreciate and acknowledge the continued assistance, cooperation, active support and guidance received from Ministry of Health & Family Welfare, Ministry of External affairs and other Ministries and Government Departments. We are also thankful to our esteemed clients for reposing their confidence in the capability and professional competence of the Company.

The Directors are also grateful to the Department of Public Enterprise, Comptroller & Auditor General of India, the Chairman and Member of the Audit Board, Statutory Auditors and Internal Auditors of the Company for their valued cooperation.

The Directors also place on record the continued support by Bankers, and many other organizations as well as individuals.

The Directors also place on record the appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the Company continues to grow and excel.

**By order of the Board
For HSCC (India) Limited**

**PLACE: NEW DELHI
DATE: 28.12.2018**

**Sd/-
Gyanesh Pandey
Chairman & Managing Director
DIN: 03555957**

ANNEXURE - I

(Addendum to Directors' Report)

SUMMARY OF MAJOR ON-GOING CONSULTANCY PROJECTS AS ON DATE

A. Architectural Planning, Design Engineering & Project Management Services



NCI Jhajjar

- Construction of Psychiatrics Specialty block & common Laboratory complex for NIMHANS at Bangalore
- 100 bedded Hospital for ESIC at Siliguri
- ENT Hospital at Mauritius
- Housing & Guest House at Dwarka and Tuglakabad for Power grid corporation of India
- Night Shelter at Patna & Guwahati Medical Colleges for Powergrid corporation of India
- CDSCO - Guest House at Baddi
- AIIMS Burn & Plastic Ward
- Construction of Hostel Block for Resident Doctors for PGIMER, Dr. RML Hospital, New Delhi.
- Construction of Geriatrics Block in AIIMS Campus, Masjid Moth, New Delhi.
- New Paid Ward at AIIMS, New Delhi.
- Hostel Block at AIIMS, New Delhi
- Mother & Child Block at AIIMS, New Delhi
- New OPD Block at AIIMS, New Delhi
- Satellite Unit of Post Graduate Institute of Medical & Educational Research at Sangrur (OPD & Main Work
- NRHM- Chhattisgarh, NRHM- Uttar Pradesh & NRHM- Kerala & NRHM- Himachal Pradesh
- Construction of 750 Bedded Hospital (Phase I – 400 bedded) for IIT, Kharagpur
- Construction of Super Specialty Block, OPD & Academic Block at Kolkata Medical College, Kolkata under PMSSY.



AIIMS Mother & Child Block, New Delhi



MKCG Medical College, Berhampur



CNCI Kolkata

- Upgradation of LGBRIMH at Tezpur (Main Building)
- Implementation for increase of UG seats from 100 to 150 intake P.A. for RIMS, Imphal
- PMSSY Upgradation Ph III Projects at
 - Rewa - Berhampur - Udaipur
 - Gwalior - Patiala - Bikaner
 - Jabalpur - Burla - Aurangabad
 - Vijayawada - Dibrugarh - Jhansi
 - Kota - Guwahati - Shimla
 - Allahabad - Latur - Panaji (Goa)
 - Darjeeling



Govt. Medical College-Goa - PMSSY PH III

- New AIIMS at Nagpur, Kalyani, Guntur and Raebareli.
- Mizoram Institute of Medical Education and Research, Falkawn, Mizoram.
- Lokopriya Bordoloi Institute of Mental Health, Tezpur, Assam.
- 100 intakes Medical College at Pali, Rajasthan.
- Redevelopment of Lady Harding Medical College & associated Hospitals, New Delhi.
- Comprehensive Re-development Plan for Lady Hardinge Medical College & Associated Hospitals, New Delhi

B. Procurement Management Services

- Medical Equipment for Super Specialty & Emergency Block, Safdarjung Hospital, New Delhi.
- Medical Equipment for Kalpana Chawla Government Medical College, Karnal, Haryana.
- Procurement of Equipment for AIIA Sarita Vihar
- Medical Equipment for AIIMS Rae Bareilly- Temporary OPD block
- Procurement of Equipment for LGB Regional Institute of Mental Health, Assam, Tezpur.



AIIMS, Guntur

ANNEXURE - II

(Addendum to Directors' Report)

CORPORATE GOVERNANCE REPORT

COMPANY PHILOSOPHY

A good Corporate Governance Policy is one which results in the control of the Company in a regulated manner which makes management transparent, ethical, accountable and fair resulting in enhanced shareholder value. The management provides a detailed disclosure of relevant specific matters.

A. COMPOSITION OF BOARD OF DIRECTORS INCLUDING CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

The Company's Board of Directors as on 31.03.18 has two functional directors and two part- time official directors. The details are given below:-

Director	Whole-Time/ Part- Time	Member of Board of other companies
Shri Gyanesh Pandey	Whole-time, Chairman and Managing Director	Nil
Shri S.K. Jain*	Director (Engineering)	Nil
Smt. Vijaya Srivastava	Part- time Official Director	HLL Life Care Limited HLL Biotech Limited HLL Infratech Services Limited
Shri Navdeep Rinwa [#]	Part-time Official Director	NIL

*Shri S.K.Jain, Director (Engg.) has been relieved upon completion of his term on 16.04.2018.

[#]Shri Navdeep Rinwa - Joint Secretary, ceased to hold office w.e.f. 23.04.2018, as Ms. Preeti Pant, Joint Secretary has been nominated as Part-Time Official Director on the Board in his place.

B. TENURE

The age limit of the Chairman and Managing Director and other whole-time Director is 60 years.

The Chairman and Managing Director and other Whole-time Director are appointed for a period of 5 years from the date of taking over the charge or until the date of superannuation of the incumbent, or until further orders from Government of India, whichever events occur earlier.

Government Nominee Directors representing Ministry of Health & Family Welfare, Government of India retire from the Board on ceasing to be officials of the Ministry of Health & Family Welfare or until further order from Govt. of India.

Part- time, Non-Official Directors are appointed by the Government of India for tenure of three years.

C. BOARD MEETINGS

During April, 2017 to March, 2018, four meetings (149th to 152nd) of the Board of Directors were held on 12.07.2017, 25.09.2017, 30.11.2017 and 27.03.2018.

MEETINGS AND ATTENDANCE

Director	No. of Board Meetings held during their respective Tenure	Attended	Attended last Annual General Meeting
Shri Gyanesh Pandey	4	4	Yes
Smt. Vijaya Srivastava	4	3	No
Shri Navdeep Rinwa	4	4	Yes
Shri S.K. Jain	4	4	Yes

D. GENERAL BODY MEETING

Annual General Meeting

The last three Annual General Meeting were held as under:-

Financial Year	Date	Time	Location
2016-17	13.12.2017	05:00 P.M.	Committee Room No. 249, A Wing, Second Floor at MOH&FW, Nirman Bhawan, New Delhi.
2015-16	29.11.2016	12:00 P.M.	Committee Room No. 155, A Wing, First Floor at MOH&FW, Nirman Bhawan, New Delhi.
2014-15	02.11.2015	12:30 P.M.	Committee Room No. 155, A Wing, First Floor at MOH&FW, Nirman Bhawan, New Delhi.

E. SHAREHOLDING PATTERN OF DIRECTORS

Shares held out of the total equity share capital of Rs. 1,80,01,400 (1,80,01,400 (Equity Shares of Rs. 100/- each) as on 31.03.2018:

Directors	No. of Shares of HSCC
Shri Gyanesh Pandey, Chairman and Managing Director	6
Shri Navdeep Rinwa, Joint Secretary, MOH&FW	6
Smt. Vijaya Srivastava, SS & FA, MOH&FW	6
Shri S.K. Jain, Director (Engineering)	6

Further, these shares are held on behalf of the President of India

F. SHAREHOLDERS' GRIEVANCE COMMITTEE

Being a wholly owned Government Company (Shares are not listed), the shares are held by the President of India or its nominees, as such the Company has not constituted a Shareholders' Grievance Committee.

G. AUDIT COMMITTEE

The Composition of the Audit Committee is as under:-

1. Smt. Vijaya Srivastava (SS & FA, MOH&FW) - Chairperson
2. Sh. Navdeep Rinwa (Joint Secretary, MOH&FW) - Member
3. Sh. S.K. Jain (Director (Engg.), HSCC) - Member

During April, 2017 to March, 2018, four meetings (14th to 17th) of the Audit Committee meeting were held on 12.05.2017, 25.09.2017, 30.11.2017 and 27.03.2018 at the Ministry of Health & Family Welfare, Nirman Bhawan, New Delhi.

Ms. Preeti Pant, JS, MoH&FW was appointed in place of Shri Navdeep Rinwa, JS, MoH&FW vide letter dated 23.04.2018. Further, Shri S.K. Jain, Director (Engg) has been relieved upon completion of his term on 16.04.2018. Audit Committee was reconstituted in 153rd Board Meeting held on 12.06.2018. The new members of Audit Committee are:

1. Smt. Vijaya Srivastava (SS & FA, MOH&FW) - Chairperson
2. Ms. Preeti Pant (Joint Secretary, MOH&FW) - Member
3. Sh. Gyanesh Pandey (CMD, HSCC) - Member

MEETINGS AND ATTENDANCE

Members	No. of Audit Meetings held during their respective Tenure	Attended
Smt. Vijaya Srivastava	4	4
Shri Navdeep Rinwa	4	4
Shri S. K. Jain	4	4

H. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

The Composition of the Corporate Social Responsibility (CSR) Committee is as under:-

- 1 Smt. Vijaya Srivastava (SS & FA, MOH&FW) - Chairperson
- 2 Sh. Navdeep Rinwa (Joint Secretary, MOH&FW) - Member
- 3 Sh. S.K. Jain (Director (Engg.), HSCC) - Member

During April, 2017 to March, 2018, one meeting (6th) of the Corporate Social Responsibility (CSR) Committee meeting was held on 26.10.2017 at the Ministry of Health & Family Welfare, Nirman Bhawan, New Delhi.

Ms. Preeti Pant, JS, MoH&FW was appointed in place of Shri Navdeep Rinwa, JS, MoH&FW vide letter dated 23.04.2018. Further, Shri S.K.Jain, Director (Engg) has been relieved upon completion of his term on 16.04.2018. Corporate Social Responsibility (CSR) Committee was reconstituted in 153rd Board Meeting held on 12.06.2018. The new members of Corporate Social Responsibility (CSR) Committee are:

1. Smt. Vijaya Srivastava (SS & FA, MOH&FW) - Chairperson
- 2 Ms. Preeti Pant (Joint Secretary, MOH&FW) - Member
- 3 Sh. Gyanesh Pandey (CMD, HSCC) - Member

MEETINGS AND ATTENDANCE

Members	No. of CSR Meetings held during their respective Tenure	Attended
Smt. Vijaya Srivastava	1	1
Shri Navdeep Rinwa	1	1
Shri S. K. Jain	1	1

REMUNERATION COMMITTEE

The Composition of the Remuneration Committee is as under:-

- 1 Smt. Vijaya Srivastava (SS & FA, MOH&FW) - Chairperson
- 2 Sh Navdeep Rinwa (Joint Secretary, MOH&FW) - Member

During April, 2017 to March, 2018, two meetings (5th and 6th) of the Remuneration Committee Meeting were held on 26.10.2017 and 27.03.2018 at the Ministry of Health & Family Welfare, Nirman Bhawan, New Delhi.

Ms. Preeti Pant, JS, MoH&FW was appointed in place of Shri Navdeep Rinwa, JS, MoH&FW vide letter dated 23.04.2018. Remuneration Committee was reconstituted in 153rd Board Meeting held on 12.06.2018. The new members of Remuneration Committee are:

- 1 Smt. Vijaya Srivastava (SS & FA, MOH&FW) - Chairperson
- 2 Ms. Preeti Pant (Joint Secretary, MOH&FW) - Member

MEETINGS AND ATTENDANCE

Members	No. of Remuneration Committee held during their respective Tenure	Attended
Smt. Vijaya Srivastava	2	2
Shri Navdeep Rinwa	2	2

3. REMUNERATION OF DIRECTORS

Being a Government Company, the functional directors including CMD are appointed by the President of India through the Ministry of Health & family Welfare and draw remuneration as per Industrial Dearness Allowance (IDA) pay scales pre-determined by the Government and as per the terms and conditions of their appointment / contract issued by the Government. The allowances and perquisites including performance related pay are being given as per the Company Rules.

The part-time official directors on the Board do not draw any remuneration from the Company for their role as a director but draw their remuneration from the Government as Government official.

The part-time non-official directors of the Company also do not draw any remuneration from the Company, they were only paid sitting fee of Rs. 5000/- per meeting attended by them from April'2015 onwards in accordance with the approval of the Board of Directors.

During the year, the Company has not paid any Sitting Fee to Non-official Part time Directors.

J. DISCLOSURES

During the period there were no materially significant related party transactions with its directors & management that had a potential conflict with the interest of the Company at large. Further, the Company does not have any subsidiary Company.

ANNEXURE - III

(Addendum to Directors' Report)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

HSCC is a Government of India Enterprise under administrative control of Ministry of Health & Family Welfare which was setup in March 1983. Subsequent to the Buy back of 60,004 Equity Shares of Rs. 100 each at the rate of Rs. 8259 each (total buyback consideration – Rs. 4955.73 lakhs), the share capital of the Company is Rs. 180 lakhs. and net worth is Rs. 17203 lakhs. Since inception the total business of the Company has been managed without any borrowing either from the Government or from other sources. HSCC has been declared 'Mini Ratna' Company in September 1999 and has achieved the status of 'Mini Ratna-Category I' Company in December 2015.

The Company is engaged in rendering comprehensive consultancy services in the field of Hospital planning, design, detail engineering, quality control, project management and monitoring as well as procurement, supply, installation and commissioning of medical equipments for the projects assigned to it by the Ministry of Health & Family Welfare, Ministry of External Affairs, Private & Public Sector Organizations as well as various State Governments.

HSCC has adopted an integrated approach to projects, drawing on its pool of expertise to provide the best combination to evolve client specific, cost effective and innovative solutions. HSCC has successfully completed major healthcare projects comprising hospital, medical colleges, laboratories etc. not only in India but in many countries. The Company has also diversified its activities in the areas of Hospital Waste Management, Hospital Computerisation, health related Management studies and training & recruitment etc.

HSCC has over the years evolved as a pioneer organization in the field of Healthcare consultancy. The Company at present executing work all over India but focuses increased business in North-Eastern Region.

Strength:

- Debt free & Profit making Company since inception
- GOI backing and support
- Wide range of consulting services under single roof
- Extensive experience of handling multi lateral / international agencies funded projects
- Strong project experience, with ability in handling complex and large projects,
- Performing organization through quality and timely completion of projects
- Qualified and committed and lean and thin work force

Weakness:

- Difficult to compete with private players.
- Inability to stem attrition
- Most business is generated from clients in the public sector
- Revenue model is based on one-time projects rather than recurring services generating constant revenue streams or assured business support
- Limited number of specialized Vendors / Agencies

Opportunities:

- The Country is lagging behind in terms of number of hospitals, beds, doctors, nurses and other paramedical staff
- Redevelopment & up gradation of existing hospitals
- Expansion of business in SAARC Countries
- Scope of diversification in other Building Engineering and Maintenance services.
- Demand for basic healthcare infrastructure (in both public and private sectors) set to rise.
- Hand holding Opportunities for hospitals and outsourcing of hospital activities in government hospitals
- Leveraging basic architectural, design, engineering, project management and procurement skills in like infrastructure development activities

Threats:

- Business Projects shifting to North East with longer gestation / completion period, unavailability of timely funds leading to spread of turnover over longer time.
- Attrition of experienced personnel in view of burgeoning private sector operations.
- MOH&FW policy shift from supporting their PSUs and inviting private sector as an alternative source of consulting services.
- Fragmented market with a large no. of private sector and public sector competitors extreme low fee
- Increasing commoditization of basic D&E skills due to large number of players gaining experience due to the infrastructure boom
- Non availability of land causes halt in projects, reasons beyond control
- Competition among PSU firms for nomination for projects and non-related diversification by them causes business loss
- Decrease in Fee for procurement projects and lack large assignments leading loss in business propositions in micro small assignments.

Outlook:

HSCC is a multi-disciplinary renowned consultancy and procurement management service organization in the health care and other social infrastructure development sectors. Its service spectrum covers feasibility studies, design engineering, detailed tender documentation, construction supervision, comprehensive project management, procurement support services in all areas of civil, electrical, mechanical, information technology and auxiliary medical service areas. Its important clients include

- Ministry of Health & Family Welfare and its Hospitals / Institutes
- Ministry of External Affairs and other Ministries
- State Governments and their Hospitals / Institutes
- PSUs / Other Institutes

In order to develop into a world class Consultancy Organization, thrust is on diversifying and expanding the operations such as Building Engineering and maintenance services and also the client base of the Company.

Risks & Concerns

The main risk and the area of concern for the Company are reduction in procurement assignments from concerned Ministry and constant/reduced consultancy fee in some of civil works in current scenario.

IT related initiatives

- Internet connection has been installed at Corporate Office and the Units.
- Various departments at Corporate Office are linked up through Local Area Network (LAN).
- E-Tender Activity.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The total earning of the Company was Rs. 1612.20 Crore including Interest & Other Income of Rs. 99.10 Crore as compared to the previous year's figure of Rs. 1619.25 Crore and Rs. 108.09 Crore respectively. The Company's Profit before Tax during the year was Rs. 58.22 Crore as compared to the previous year figure of Rs. 56.16 Crore.

Cost of operation has increased by 17.86% as compared to the previous year. The increase in the expenditure is mainly due to increase in employee cost.

SEGMENT REPORTING

a) Business segments

Based on the guiding principles given in Accounting Standard AS-17 “Segment Reporting” the Company’s business segments include construction activity, consultancy, supply of equipment, medicine etc. Hence, all its operation falls under single segment within the meaning of Accounting Standard AS-17 “Segment Reporting”.

b) Geographical segments

Since the Company’s activities are primarily within the country and considering the nature of product/services it deals in, operating risks and returns are same and as such there is only one geographical segment.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an efficient system of internal control for achieving the business objectives of the Company which inter-alia includes accuracy and promptness of financial reporting. Efficiency of operation, compliance with the laid down policies and procedures and compliance with law and regulations.

To ensure independence to the internal audit function emphasizing transparency in the systems and internal controls, the internal audit of the Company is entrusted to external firms of Chartered Accountants. The reports of Internal Audit are periodically submitted to the management for corrective action.

HUMAN RESOURCES DEVELOPMENTS

HSCC being the knowledge based Company, its real strength lies in its manpower. The manpower strength of the Company as on 31st March, 2018 was 184 on regular pay scales and 134 on fixed tenure basis. The employee management relationship was excellent throughout the year. In line with changing market requirements, the knowledge and skill of HSCC employees are continuously upgraded. During the year employees of the Company were deputed to various training programs, to further develop their skill in various areas of operations of the Company. The Company continues to motivate the employees by providing various social benefits for the employees and their families.

CODE OF CONDUCT

The Company’s Board has laid down a code of conduct for all the Board Members and Senior Management of the Company, which has been circulated, to all concerned executives through e mail as well as by circulated through hard copies. All Board Members and designated Senior Management Personnel have affirmed the compliance of code of conduct.

SUBMISSION OF ANNUAL REPORT TO DEPTT. OF PUBLIC ENTERPRISES

The Annual Report in the format prescribed by the Department of Public Enterprises (DPE), as per the Guidelines on Corporate Governance, informing the status about Corporate Governance are being submitted to Ministry of Health & Family Welfare.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

In line with the Section 135 and Schedule VII of the Companies Act 2013, the Company has contributed during the financial year 2017-18, Rs. 94.12 Lakhs (Rupees Ninety-Four Lakhs and Twelve Thousand only) towards Contribution to “Clean Ganga Fund” set up by Central Government for rejuvenation of River Ganga under Swachh Bharat Kosh and Rs.50.00 Lakhs (Rupees Fifty Lakhs only) towards Sports Authority of India for up gradation of SAI Training Centre, Hisar, Haryana under SAI, CSR project.

ANNEXURE - IV

(Addendum to Directors' Report)

FORM No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration Personnel Rules, 2014)]*

To,

The Members,
HSCC (INDIA) LIMITED
CIN: U74140DL1983GOI015459
205 (2ND FLOOR), EAST END PLAZA, PLOT NO.4,
LSC, CENTRE - II, VASUNDHARA ENCLAVE,
NEW DELHI – 110 096

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **HSCC (INDIA) LIMITED** (hereinafter called the "Company") having CIN. **U74140DL1983GOI015459**, Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, returns filed and other records maintained by **HSCC (INDIA) LIMITED** (the "Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not Applicable to the Company during the Audit Period)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder; **(Not Applicable to the Company during the Audit Period)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period as the Company is Unlisted);**
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit period as the Company is Unlisted.)**
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company during the Audit period as the Company is Unlisted.)**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit period as the Company is unlisted);**

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable to the Company during the Audit Period as the Company is Unlisted);**
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit period as the Company is Unlisted);** and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit period as the Company is Unlisted);**
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/ groups of Acts, Laws and Regulations as applicable to the Company is given under.
1. Income Tax Act, 1961 & Rules made there under;
 2. Employees Provident Fund and Miscellaneous Provisions Act, 1952
 3. Service Tax Law;
 4. GST /VAT;
 5. The Employees Pension Scheme, 1995;
 6. Employees State Insurance Act, 1948;
 7. The Payment of Wages Act, 1936;
 8. The Maternity Benefit Act, 1961;
 9. The Payment of Gratuity Act, 1972;
 10. Applicable Accounting Standards.

We have also examined compliance with the applicable clauses of the following:

- Guidelines issued by Department of Public Enterprises for Central Public Sector Enterprises as amended up to date.
- Secretarial Standards issued by The Institute of Company Secretaries of India on meetings of the Board of Directors and General Meetings.

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. **The Company has not complied with Clause 3.1.1, 4.1.1, 4.1.2 and 5.1 of DPE Guidelines in respect of Composition of Board, Audit Committee and Remuneration Committee, provisions of Section 177 & 178 of the Companies Act, 2013 & rules made there under and Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013 and provision of Section 135(1) of the Companies Act, 2013 with respect to the composition of CSR Committee as there were no Independent Directors during the year under review.**

In respect of other laws specifically applicable to the Company, We have relied on information/records produced by the Company during the course of our audit and the reporting is limited to that extent.

We further report that:

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there was no prosecution initiated against or show cause notice received by the Company during the year under review.

We further report that during the audit period, the Company had following specific event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standard etc.

- Pursuant to the approval of Shareholders by way of Special Resolution passed at the Extra-Ordinary General Meeting held on 28th September, 2017, the Company has processed buy-back of 60,004 Equity Shares of Rs. 100/- each at a price of Rs. 8259/- per Equity Shares.

For **PARVEEN RASTOGI & CO.**
COMPANY SECRETARIES

Sd/-
Parveen Rastogi
C.P. No. 2883
M. No. - 4764

Place : New Delhi
Date : 23.07.2018

ANNEXURE - V

(Addendum to Director's Report)

MANAGEMENT REPLIES TO STATUTORY AUDITORS COMMENTS

- (a) (i) Note no. 20(II)(b) regarding acceptance by the company of joint moral responsibility with the client for the reported lapses in one of the projects (CRI, Kasauli) and to bear half of the assessed cost (infructuous expenditure on building construction works). There had not been further development during the year on this issue, the amount of liability if any has not yet been ascertained and provided for in the books of accounts.

Reply-Disclosed in Note no. 20(II) (b), which is self explanatory.

- (ii) Note no. 20 (II)(c) regarding deposit by the company Rs. 1704.77 lakhs, out of the deposit from other projects of MOH & FW. In view of pending settlement with MOH & FW no provision for the same has been made in the books of accounts.

Reply- Disclosed in Note no. 20(II) (c), which is self explanatory.

- (iii) Note no. 20 (IX) regarding Amount lying in retention money account (SL-54), Client Deposit Funds (SL-53), Sundry Debtors, Sundry Creditors (SL-51) EMD and Security Deposit given by HSCC Ltd and various balances on behalf of Ministries/Clients are subject to reconciliation and confirmation.

Reply- Disclosed in Note no. 20(IX), which is self explanatory.

- (iv) Note no. 20 (XI) regarding old credit balances of Rs7181.42 lakhs (previous year Rs. 2345.79 lakhs) (inclusive of Corpus account Rs. 5946.62 Lakhs, Previous year Rs. 681.54 lakhs) are lying unpaid/ unadjusted in the Deposit Accounts of the clients for more than 4 years. The confirmation of balances from Ministry/ Clients is not available.

Reply- Disclosed in Note no. 20(XI), which is self explanatory.

- (v) Still balances are lying in Trade Payable Account that are unclaimed/ unsettled and are not ascertainable with the client's work and the outcome of liability, if any, is not known. The impact of the above qualifications, in view of uncertainties, in Profit & Loss account, Assets and Liabilities of the Company is presently not quantifiable.

Reply-Company shall take the appropriate action as per company policy regarding unclaimed amount, either on settlement with contractor or financial closure of the project whichever is earlier.

- (b) (i) The Company is maintaining project financials of 141 projects (Civil work and Procurement) being undertaken by it on behalf of Ministry/ Clients. These financials are incorporated in the books of the company as Assets and Liabilities and shown separately as Accounts held "on behalf of Ministry/ Clients". The Bank Accounts and Fixed Deposits maintained with the banks on behalf of Ministry/ Clients are not being monitored by the Company on regular basis and accounting of Interest and Fixed Deposit is done by the Company based on data/ statement provided by the respective banks from time to time.

The impact of deficiencies, if any, in the absence of adequate internal control as referred in annexure 2 of this report is not ascertainable.

Reply- System is in place for monitoring of FDR and interest on FD. Time to time HSCC is improving the system for monitoring the transactions as per requirement.

- (ii) Other than above projects undertaken on behalf of ministry/clients, the company is also providing services to other old Clients for which no separate financial have been maintained. In absence of details of funds deposited by the client and statement of expenditure of these client accounts, interest income on such fund is also taken as income of the company (amount not ascertained) which is in addition to the interest income accounted for.

Reply- No separate bank account are opened for old outstanding amount payable to client on behalf of ministry. The funds have been parked on consolidated basis with HSCC fund. Interest has been accounted in HSCC.

(iii) There are certain un-reconciled balances under the head Deposit from Client's Account (Account Code SL 53) in which the credit balance of Rs. 4605.58 Lakhs shown in Schedule No 8 under the account head "Other Current Liabilities" and debit balance of Rs. 1849.59 Lakhs shown in schedule No. 15 under the account head "Short Term Loan and Advances" as recoverable from Clients, the impact, if any, on the Profit or Loss and the Assets and Liabilities is not ascertained due to inadequate financial control and real time analysis and verification of Fixed Deposits and interest thereon.

Reply- These all are balances as per books of accounts. Reconciliation is being done.

(c) Financial frauds amounting to Rs. 301.07 Lakhs had been detected in the fourth quarter of the financial year 2016-17 by the management and reported to us. The exact amount of fraud is unascertained. Till the completion of our audit as investigations are pending before the government bodies. However, FIR had been lodged by the management with the Noida Police. Refer Note No. 20(IV).

Reply- Disclosed in Note no. 20(IV), which is self explanatory.

(d) The company has made payment to M/s Perkins Eastmen Architects DPC (USA), based on the bills raised by Perkins USA in INR of Rs. 6,64,05,612/-, payment In their bank account maintained in Axis Bank, Mumbai, in respect of Comprehensive Planning & Designing of AIIMS Nagpur, AIIMS Kalyani and AIIMS Guntoor. Whereas the contract has been assigned under agreement dated 22.05.2017 and as well as Award letter dated 22.02.2017 to Perkins Eastmen Design Consultants India Pvt. Ltd., Mumbai (Consortium of M/s Perkins Eastmen Architects DPC (USA) and M/s Edifice Consultant Pvt. Ltd., (Mumbai).

Reply- Payment has been made to contractor as per terms of contract.

(e) The company has provided advance against material purchased by the contractors. As on 31.3.2018 the total amount of such advance outstanding was Rs 44.86 Crores. In the absence of proper accounting of secured advance, it is difficult to check the amount of initial advance, amount adjusted and its misuse. The material lying with the contractor as on 31.3.2018 as Secured advance, no physical verification, of equivalent amount of material in stock, has been done by the management.

Reply- The payments of secured advances are made as per terms of contract. The secured advance as on 31.03.2018 is properly accounted. The physical balance certificate is enclosed with every bill.

(f) The HSCC Bank Account No. CA 151 maintained with Indian Overseas Bank, Sector-1, Noida having unlinked entries is un-reconciled, Hence could not be verified.

Reply- All the transactions are linked and reconciled except few entries which pertains to earlier year. An Independent firm of Chartered Accountants for checking all bank related transactions has been appointed for which report is awaited.

(g) The balance appearing in the bank accounts of the project: Ayush-Shillong, Ayush-New Delhi, AIIMS (New Delhi), NRHM Chhattisgarh and Patiala Substation are having unlinked, un-reconciled, and un-explained entries of bank withdrawals of Rs. 2.55 crores, Rs. 34.34 lakhs, Rs. 9.87 Crores, Rs. 30.46 lakhs and Rs.18.55 Lakhs are subject to reconciliation.

Reply: An Independent firm of Chartered Accountants for checking all bank related transactions has been appointed for which report is awaited.

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, subject to the effects of the matter mentioned in the Basis for Qualified Opinion, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at the reporting date and its profit and its Cash flow for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to the following matters in the notes to the financial statements:-

- a. The foreign exchange loss of Rs. 17.85 Lakhs arisen out of the decreed amount of USD 141053 (Being 10% of the award value of USD 1410531) and USD 70526 (Being BG equivalent to 5% of USD 1410531) as per the order of Arbitral Tribunal in favor of GBC Scientific Equipment Pty. Ltd., Australia. The foreign Exchange loss has been debited to the client (Capacity Building) through deposit account of the project in the absence of any letter from the client & no liability towards the foreign exchange loss has been provided.

Reply: Since it is not the expenditure of HSCC (India) Limited, so it is debited to client account. Foreign exchange loss would have been shown, if expenditure pertained to the HSCC (India) Limited.

At the time of encashment of the said BG, credit was also given to the client account.

- b. No liability towards Leave Travel Concession to employees and their dependents to visit home town has been provided by obtaining actuarial valuation.

Reply- Actual amount of payment for LTC is insignificance hence no actual valuation is made. However, HSCC has the policy to recognizing the expenditure in the profit & loss account on the basis of actual payment.

- c. The internal control system, which requires checking and verification of all transactions including that of interest on fixed deposits made by the company in FDR's and Liquid funds and timely accounting and adjustment of secured advances to contractors, interim bill payment to contractors and professionals, expenses, income and bank transactions in the books of accounts is found to be weak causing undue delay in preparation of Annual Financial Statements of the Company.

Reply- System is in place for monitoring of interest and FD. Timely accounting is made for all the payments. Moreover, time to time HSCC is improving the system.

- d. Internal Financial control over financial statements (Refer Annexure 2 to the Independent Auditors' Report) is weak and need to be strengthened.

Reply- Noted for further strengthening.

- e. There are projects which have been completed and handed over to the Ministry/ Clients but financial closure of these accounts in the books of the company have not been done. Further, there are projects which have been completed but handing over and taking over process for the same has not taken place. The impact of this on the profit or loss will be accounted in the year in which the financial closure takes place.

Reply- The above is self explanatory and HSCC is in the process of financial closure of the project where project is completed and handed over to the ministry/clients.

- f. Two plots No. E-13 & E-14 at Sector -1, Noida measuring 2518.13 square meters were allotted to HSCC (India) limited and the supplementary lease deed was executed with New Okhla Industrial Development Authority (Noida) on 22nd April, 2013. As per clause No.4 of the deed the lessee i.e HSCC (India) Ltd shall have to erect and complete the construction of building on the demised land within the specified period of four years unless the lessor allows extension of time. The lease agreement has already expired on 21-04-2017 and the Company has neither applied for extension of time nor constructed the building. Therefore status of the title of the said property is not clear.

Reply- Disclosed in Note no. 20(XIII), which is self explanatory.

- g. Regarding provision for GST on value of work done (Unmeasured bills) please refer Note No (XV) of the Note Schedule.

Reply- Disclosed in Note no. 20(XV), which is self explanatory.

- h. Regarding Court Fees amounting to Rs. 33.24 Lakhs paid for filing recovery Suit relating to the fraud by the employees, please refer to the Note No (XXVI)

Reply- Disclosed in Note no. 20(XVI), which is self explanatory.

ANNEXURE - VI



सत्यमेव जयते

कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य, लेखा परीक्षा बोर्ड-IV, नई दिल्ली
Office of the Principal Director of Commercial
Audit & Ex-officio Member, Audit Board-IV, New Delhi



गोपनीय

संख्या-736-पी.डी.सी.ए/ऍम.ए.बी.-IV/एच.एस/AA/cs/HSCC/18-19/8342
दिनांक :- 05.03.2019

सेवा में,

**The Chairman & Managing Director,
HSCC (India) Ltd.,
E-6(A), Sector-1,
Noida (U.P.)-201301 (U.P)**

विषय: भारत के नियन्त्रक एवं महालेखापरीक्षक द्वारा कम्पनी अधिनियम 2013 के अनुच्छेद 143 (6) (b) के अंतर्गत HSCC (India) Limited के 31 मार्च 2018 को समाप्त वर्ष के वित्तीय खातों पर टिप्पणियां

महोदय,

इस पत्र के साथ कम्पनी अधिनियम 2013 के अनुच्छेद 143(6) (b) के अंतर्गत HSCC (India) Limited के 31 मार्च 2018 को समाप्त वर्ष के वित्तीय खातों पर Comments प्रमाणपत्र भेजा जा रहा है।

कृपया इस पत्र की पावती भेजने की कृपा करें।

संलग्न: यथोपरि

भवदीय

(राजदीप सिंह)

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-IV

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HSCC (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of HSCC (India) Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27th September, 2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of HSCC (India) Limited for the year ended 31 March 2018. The supplementary audit has been carried out independently without access of the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comment on Profitability Statement of Profit and Loss Expenses

Exceptional & Extraordinary item: Rs.0.14 crore

1. The above does not includes an amount of Rs. 3.01 crore on account of cases of fraudulent transfer (Rs. 2.42 crore and Rs. 0.59 crore) detected and reported in 4th quarter of the financial year 2016-17. The frauds were occurred in 2014-15 and 2015-16 respectively. The amounts were transferred from company's account at Indian Overseas Bank, Noida to the accounts of unidentified parties through net banking/RTGS transfer by the Company's official(s). Company had filed FIR on fraudulent transactions with the Noida Police. The Company has also filed recovery suit against the delinquent officials, Indian Overseas Bank and the firms to whom the funds were transferred. Though around two years has been passed since detection of frauds, there were no major developments establishing possibility of recovery of funds transferred through fraudulent transactions and therefore the chances of recovery of these sums are bleak. Thus an amount of Rs. 3.01 crore needs to be recognized in the statement of profit and loss as an exceptional and extraordinary item. Consequently profit for the year is also overstated by Rs. 3.01 crore.

B. Comments on Disclosure

1. During test check of transactions of company's account at Indian Overseas Bank, Noida, significant transactions were noticed which can be termed as instances of doubtful reliability. The Notes to Financial Statements do not disclose such un-reconciled transactions/ entries, as stated below:
 - (i) An amount of Rs. 3.52 crore was included in 'interest receivable' under the head other current assets, even though the same was received in October, 2014.
 - (ii) An amount of Rs. 0.11 crore being the sales tax deposited during 2013-14 by the company on its client behalf was accounted as recoverable from client and is shown under short term loans & advances. It was observed that neither such amount was deposited by the Company during 2013-14 and nor the Company could produce relevant copies of such deposits to Audit for verification.
 - (iii) A Fixed Deposit of Rs. 1.97 crore which was opened in April 2014 and encashed in July 2014, earned an interest of Rs. 0.06 crore. It was observed that in the bank ledger of the Company, Rs. 1.97 crore was debited (received) twice against a single encashment.

- (iv) An amount of Rs. 7.83 crore was credited in bank account from a client on 12.04.2014 and the same was shown in the company's accounts under the head deposits from clients. Thereafter, multiple debit and credit entries of the amount were made in the client ledger during 2014-15 on the pretext of rectification and reversals. The client ledger which is of liability nature was showing debit balance of Rs. 7.12 crore in the company's books on 31 March 2018.
- (v) A fixed deposit (FD) of Rs. 12.82 crore in company's account at UCO Bank was encashed in August 2013 along with interest of Rs. 1.10 crores. An entry for receipt of encashment proceedings was made 31 March 2014 in Company's account at Indian Overseas Bank, however, in the same voucher, amount received on FD encashment was reversed. Thus, nullify the receipt of FD encashment.
2. Further, Notes 20(iv) to Financial Statements do not disclose the fact that in view of cases of fraudulent transfers detected in 4th quarter of the financial year 2016-17, company had engaged a firm of chartered accountants in April 2017 for checking all bank payments and verification of bank fixed deposit receipts related to financial year 2013-14 and 2014-15 and the report from firm of chartered accountants is awaited. Further in view of non-submission of report by engaged firm of chartered accountants, the fraudulent financial transactions, if any (in addition to already detected in 4th quarter of the financial year 2016-17) and amount involved is presently not quantifiable.

**For and on behalf of the
Comptroller & Auditor General of India**

**Place : New Delhi
Date : 05.03.2019**

(राजदीप सिंह)
प्रधान निदेशक वाणिज्यक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-IV

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HSCC (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of HSCC (India) Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27th September, 2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of HSCC (India) Limited for the year ended 31 March 2018. The supplementary audit has been carried out independently without access of the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comment on Profitability Statement of Profit and Loss Expenses Exceptional & Extraordinary item: Rs.0.14 crore

1. **The above does not includes an amount of Rs. 3.01 crore** on account of cases of fraudulent transfer (Rs. 2.42 crore and Rs. 0.59 crore) detected and reported in 4th quarter of the financial year 2016-17. The frauds were occurred in 2014-15 and 2015-16 respectively. The amounts were transferred from company's account at Indian Overseas Bank, Noida to the accounts of unidentified parties through net banking/RTGS transfer by the Company's official(s). Company had filed FIR on fraudulent transactions with the Noida Police. The Company has also filed recovery suit against the delinquent officials, Indian Overseas Bank and the firms to whom the funds were transferred. Though around two years has been passed since detection of frauds, there were no major developments establishing possibility of recovery of funds transferred through fraudulent transactions and therefore the chances of recovery of these sums are bleak. Thus an amount of Rs. 3.01 crore needs to be recognized in the statement of profit and loss as an exceptional and extraordinary item. Consequently profit for the year is also overstated by Rs. 3.01 crore.

Reply :

The fraud was detected by the Company and for which FIR was lodged and recovery suit was also filed.

- I. Necessary accounting entries with regards to the provision for Rs. 3.01 cr. has been made in the books of Accounts

B. Comments on Disclosure

1. During test check of transactions of company's account at Indian Overseas Bank, Noida, significant transactions were noticed which can be termed as instances of doubtful reliability. The Notes to Financial Statements do not disclose such un-reconciled transactions/ entries, as stated below:
 - (i) An amount of Rs. 3.52 crore was included in 'interest receivable' under the head other current assets, even though the same was received in October, 2014.
 - (ii) An amount of Rs. 0.11 crore being the sales tax deposited during 2013-14 by the company on its client behalf was accounted as recoverable from client and is shown under short term loans & advances. It was observed that neither such amount was deposited by the Company during 2013-14 and nor the Company could produce relevant copies of such deposits to Audit for verification.

- (iii) A Fixed Deposit of Rs. 1.97 crore which was opened in April 2014 and encashed in July 2014, earned an interest of Rs. 0.06 crore. It was observed that in the bank ledger of the Company, Rs. 1.97 crore was debited (received) twice against a single encashment.
- (iv) An amount of Rs. 7.83 crore was credited in bank account from a client on 12.04.2014 and the same was shown in the company's accounts under the head deposits from clients. Thereafter, multiple debit and credit entries of the amount were made in the client ledger during 2014-15 on the pretext of rectification and reversals. The client ledger which is of liability nature was showing debit balance of Rs. 7.12 crore in the company's books on 31 March 2018.
- (v) A fixed deposit (FD) of Rs. 12.82 crore in company's account at UCO Bank was encashed in August 2013 along with interest of Rs. 1.10 crores. An entry for receipt of encashment proceedings was made 31 March 2014 in Company's account at Indian Overseas Bank, however, in the same voucher, amount received on FD encashment was reversed. Thus, nullify the receipt of FD encashment.

Reply :

Company has engaged an independent firm of chartered accountants for checking of all bank transactions along with verification of Bank's fixed deposits receipts related to financial year 2013-14 and 2014-15. Report from the firm of Chartered Accountants is awaited. Necessary disclosure will be made in the Notes to accounts in the current financial year for the entries pointed by the CAG in their comments.

- 2. Further, Notes 20(iv) to Financial Statements do not disclose the fact that in view of cases of fraudulent transfers detected in 4th quarter of the financial year 2016-17, company had engaged a firm of chartered accountants in April 2017 for checking all bank payments and verification of bank fixed deposit receipts related to financial year 2013-14 and 2014-15 and the report from firm of chartered accountants is awaited. Further in view of non-submission of report by engaged firm of chartered accountants, the fraudulent financial transactions, if any (in addition to already detected in 4th quarter of the financial year 2016-17) and amount involved is presently not quantifiable.

Reply :

Necessary disclosure will be made in the Notes to accounts in the current financial year.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	U74140DL1983GOI015459
ii	Registration Date	30.03.1983
iii	Name of the Company	HSCC (INDIA) LIMITED
iv	Category/Sub-category of the Company	Public Sector Undertaking
v	Address of the Registered office & contact details	205, East End Plaza, Plot No. 4, D.D.A. - L.S.C., Centre-II, Vasundhra Enclave, Delhi - 110096
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Consulting Engineering Services	9983	100%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	N/A				

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	NIL	54	54	0.02%	NIL	54	54	0.03%	-	-
b) Central Govt. or State Govt.	NIL	239964	239964	99.98%	NIL	179960	179960	99.97%	-	-
c) Bodies Corporates	NIL	NIL	NIL	-	NIL	NIL	NIL	-	-	-
d) Bank/FI	NIL	NIL	NIL	-	NIL	NIL	NIL	-	-	-
e) Any other	NIL	NIL	NIL	-	NIL	NIL	NIL	-	-	-
SUB TOTAL:(A) (1)		240018	240018	100.00%		180014	180014	100.00%	-	-
(2) Foreign										
a) NRI- Individuals	NIL	NIL	NIL	-	NIL	NIL	NIL	-	-	-
b) Other Individuals	NIL	NIL	NIL	-	NIL	NIL	NIL	-	-	-
c) Bodies Corp.	NIL	NIL	NIL	-	NIL	NIL	NIL	-	-	-
d) Banks/FI	NIL	NIL	NIL	-	NIL	NIL	NIL	-	-	-
e) Any other...	NIL	NIL	NIL	-	NIL	NIL	NIL	-	-	-
SUB TOTAL (A) (2)		0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		240018	240018	100.00%		180014	180014	100.00%	0	0
B. Public Shareholding										
(1) Institutions										
a) Mutual Funds	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
b) Banks/FI	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
c) Cenntral govt	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
d) State Govt.	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
e) Venture Capital Fund	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
f) Insurance Companies	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
g) FIIS	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
h) Foreign Venture Capital Funds	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
i) Others (specify)	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
SUB TOTAL (B)(1):	0	0	0	0	0	0	0	0	0	0
(2) Non Institutions										
a) Bodies corporates										
i) Indian	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
ii) Overseas	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
c) Others (specify)	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL	-	-
SUB TOTAL (B)(2):	0	0	0	-	0	0	0	0	0	0
Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	-	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	-	0	0	0	0	0	0
Grand Total (A+B+C)		240018	240018	100.00%		180014	180014	100.00%	0	0

(ii) Share Holding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year during the year			% change in Share holding during the year
		No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	President of India	239964	99.98%	-	179960	99.97%	-	-0.01
2	Nominees on behalf of President of India	54	0.02%	-	54	0.03%	-	10.01
	Total	240018	100.00%		180014	100.00%		

Note : All the Shareholding are held by Central Government in the name of President of India and his 9 Nominees.

(iii) Change in Promoters' Shareholding (specify if there is no change)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	N/a	N/a	N/a	N/a
	At the end of the year				

Note : All the Shareholding are held by Central Government in the name of President of India and his 9 Nominees.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year				
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	N/a	N/a	N/a	N/a
	At the end of the year (or on the date of separation, if separated during the year)				

Note : All the Shareholding are held by Central Government in the name of President of India and his 9 Nominees.

(v) Shareholding of Directors & KMP

Sl. No.		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	For Each of the Directors & KMP				
	At the beginning of the year				
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	NOT APPLICABLE			
	At the end of the year				

Note : All the Shareholding are held by Central Government in the name of President of India and his 9 Nominees.

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment					
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year					
i) Principal Amount					
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)					
Change in Indebtedness during the financial year					
Additions					
Reduction					NIL
Net Change					
Indebtedness at the end of the financial year					
i) Principal Amount					
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)					

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount
		Shri Gyanesh Pandey		Shri S.K. Jain		
		CMD		Director		
1	Gross salary	in Lakh		in Lakh		in Lakh
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	59.21	-	57.56	-	116.77
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1.15	-	1.45	-	2.60 -
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	as % of profit	-	-	-	-	-
	others (specify)					
5	Others, please specify	3.00	-	3.03	-	6.03
	Total (A)	62.21	-	60.59	-	122.80
	Ceiling as per the Act					

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors		
	(a) Fee for attending board committee meetings	-	-
	(b) Commission	-	-
	(c) Others, please specify	-	-
	Director Remuneration		
	Director Remuneration		
	Total (1)	-	-
2	Other Non Executive Directors		
	(a) Fee for attending board committee meetings"	-	-
	(b) Commission	-	-
	(c) Others, please specify.	-	-
	Total (2)	-	-
	Total (B)=(1+2)	-	-
	Total Managerial Remuneration		
	Overall Cieling as per the Act.		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	Company Secretary	CFO	Total	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	Not Applicable				
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission as % of profit					
	others, specify					
5	Others, please specify					
	Total	-	-	-	-	-

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compoundding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty		NIL			
Punishment					
Compounding					
B. DIRECTORS					
Penalty		NIL			
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty		NIL			
Punishment					
Compounding					

INDEPENDENT AUDITORS' REPORT

To,

The Members of HSCC (India) Ltd.

Report on the Financial Statements

We have audited the accompanying standalone financial statements of HSCC (India) Ltd (“the Company”) which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The company’s Board of Director is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts & Auditors) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate Accounting Policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial assessments, that give a true and fair view of in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis for Qualified Opinion

Attention is invited to the following notes in schedule 20 “Notes to Accounts” forming part of Financial Statements:

- (a) (i) Note no. 20(II)(b) regarding acceptance by the company of joint moral responsibility with the client for the reported lapses in one of the projects (CRI, Kasauli) and to bear half of the assessed cost (infructuous expenditure on building construction works). There had not been further development during the year on this issue, the amount of liability if any has not yet been ascertained and provided for in the books of accounts.
- (ii) Note no. 20 (II)(c) regarding deposit by the company Rs. 1704.77 lakhs, out of the deposit from other projects of MOH & FW. In view of pending settlement with MOH & FW no provision for the same has been made in the books of accounts.
- (iii) Note no. 20 (IX) regarding Amount lying in retention money account (SL-54), Client Deposit Funds (SL-53), Sundry Debtors, Sundry Creditors (SL-51) EMD and Security Deposit given by HSCC Ltd and various balances on behalf of Ministries/Clients are subject to reconciliation and confirmation.

- (iv) Note no. 20 (XI) regarding old credit balances of Rs7181.42 lakhs (previous year Rs. 2345.79 lakhs) (inclusive of Corpus account Rs. 5946.62 Lakhs, Previous year Rs. 681.54 lakhs) are lying unpaid/unadjusted in the Deposit Accounts of the clients for more than 4 years. The confirmation of balances from Ministry/ Clients is not available.
- (v) Still balances are lying in Trade Payable Account that are unclaimed/ unsettled and are not ascertainable with the client's work and the outcome of liability, if any, is not known. The impact of the above qualifications, in view of uncertainties, in Profit & Loss account, Assets and Liabilities of the Company is presently not quantifiable.
- (b) (i) The Company is maintaining project financials of 141 projects (Civil work and Procurement) being undertaken by it on behalf of Ministry/ Clients. These financials are incorporated in the books of the company as Assets and Liabilities and shown separately as Accounts held "on behalf of Ministry/ Clients". The Bank Accounts and Fixed Deposits maintained with the banks on behalf of Ministry/ Clients are not being monitored by the Company on regular basis and accounting of Interest and Fixed Deposit is done by the Company based on data/ statement provided by the respective banks from time to time.
- The impact of deficiencies, if any, in the absence of adequate internal control as referred in annexure 2 of this report is not ascertainable.
- (ii) Other than above projects undertaken on behalf of ministry/clients, the company is also providing services to other old Clients for which no separate financial have been maintained. In absence of details of funds deposited by the client and statement of expenditure of these client accounts, interest income on such fund is also taken as income of the company (amount not ascertained) which is in addition to the interest income accounted for.
- (iii) There are certain un-reconciled balances under the head Deposit from Client's Account (Account Code SL 53) in which the credit balance of Rs. 4605.58 Lakhs shown in Schedule No 8 under the account head "Other Current Liabilities" and debit balance of Rs. 1849.59 Lakhs shown in schedule No. 15 under the account head "Short Term Loan and Advances" as recoverable from Clients, the impact, if any, on the Profit or Loss and the Assets and Liabilities is not ascertained due to inadequate financial control and real time analysis and verification of Fixed Deposits and interest thereon.
- (c) Financial frauds amounting to Rs. 301.07 Lakhs had been detected in the fourth quarter of the financial year 2016-17 by the management and reported to us. The exact amount of fraud is unascertained. Till the completion of our audit as investigations are pending before the government bodies. However, FIR had been lodged by the management with the Noida Police. Refer Note No. 20(IV).
- (d) The company has made payment to M/s Perkins Eastmen Architects DPC (USA), based on the bills raised by Perkins USA in INR of Rs. 6,64,05,612/-, payment In their bank account maintained in Axis Bank, Mumbai, in respect of Comprehensive Planning & Designing of AIIMS Nagpur, AIIMS Kalyani and AIIMS Guntur. Whereas the contract has been assigned under agreement dated 22.05.2017 and as well as Award letter dated 22.02.2017 to Perkins Eastmen Design Consultants India Pvt. Ltd., Mumbai (Consortium of M/s Perkins Eastmen Architects DPC (USA) and M/s Edifice Consultant Pvt. Ltd., (Mumbai).
- (e) The company has provided advance against material purchased by the contractors. As on 31.3.2018 the total amount of such advance outstanding was Rs 44.86 Crores. In the absence of proper accounting of secured advance, it is difficult to check the amount of initial advance, amount adjusted and its misuse. The material lying with the contractor as on 31.3.2018 as Secured advance, no physical verification, of equivalent amount of material in stock, has been done by the management.
- (f) The HSCC Bank Account No. CA 151 maintained with Indian Overseas Bank, Sector-1 ,Noida having unlinked entries is un-reconciled, Hence could not be verified.
- (g) The balance appearing in the bank accounts of the project: Ayush-Shillong, Ayush-New Delhi, AIIMS (New Delhi), NRHM Chhattisgarh and Patiala Substation are having unlinked, un-reconciled, and un-explained entries of bank withdrawals of Rs 2.55 crores, Rs 34.34 lakhs, Rs.9.87 Crores, Rs 30.46 lakhs and Rs.18.55 Lakhs are subject to reconciliation.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, subject to the effects of the matter mentioned in the Basis for Qualified Opinion, the aforesaid financial statements give the information

required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at the reporting date and its profit and its Cash flow for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the notes to the financial statements:-

- a. The foreign exchange loss of Rs. 17.85 Lakhs arisen out of the decreed amount of USD 141053 (Being 10% of the award value of USD 1410531) and USD 70526 (Being BG equivalent to 5% of USD 1410531) as per the order of Arbitral Tribunal in favor of GBC Scientific Equipment Pty. Ltd., Australia. The foreign Exchange loss has been debited to the client (Capacity Building) through deposit account of the project in the absence of any letter from the client & no liability towards the foreign exchange loss has been provided
- b. No liability towards Leave Travel Concession to employees and their dependents to visit home town has been provided by obtaining actuarial valuation.
- c. The internal control system, which requires checking and verification of all transactions including that of interest on fixed deposits made by the company in FDR's and Liquid funds and timely accounting and adjustment of secured advances to contractors, interim bill payment to contractors and professionals, expenses, income and bank transactions in the books of accounts is found to be weak causing undue delay in preparation of Annual Financial Statements of the Company.
- d. Internal Financial control over financial statements (Refer Annexure 2 to the Independent Auditors' Report) is weak and need to be strengthened.
- e. There are projects which have been completed and handed over to the Ministry/ Clients but financial closure of these accounts in the books of the company have not been done. Further, there are projects which have been completed but handing over and taking over process for the same has not taken place. The impact of this on the profit or loss will be accounted in the year in which the financial closure takes place.
- f. Two plots No. E-13 & E-14 at Sector -1, Noida measuring 2518.13 square meters were allotted to HSCC (India) limited and the supplementary lease deed was executed with New Okhla Industrial Development Authority (Noida) on 22nd April, 2013. As per clause No.4 of the deed the lessee i.e HSCC (India) Ltd shall have to erect and complete the construction of building on the demised land within the specified period of four years unless the lessor allows extension of time. The lease agreement has already expired on 21-04-2017 and the Company has neither applied for extension of time nor constructed the building. Therefore status of the title of the said property is not clear.
- g. Regarding provision for GST on value of work done (Unmeasured bills) please refer Note No (XV) of the Note Schedule.
- h. Regarding court fees amounting to Rs. 33.24 lakhs paid for filing recovery suit relating to the fraud by the employees, please refer Note No. (XXVI)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "1" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d. In our opinion, the aforesaid standalone financial statements comply with the accounting standard specified u/s 133 of the act, read with rule 7 of the Companies (Accounts & Auditors) Rules, 2014.

- e. As per the notification no:- G.S.R 829 (E) dated 21/10/2003 issued under section 620(1) of the Companies Act 1956 and read with section 465(2) of the Companies Act 2013, sub section (2) of section 164 of the Companies Act 2013 provisions are not applicable to Government Company.
- f. With respect to the adequacy of Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our report in Annexure-2.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations as at 31st March, 2018 on its financial positions in its financial statements – (Refer note no 20 (I), (II),(III) &(XXX) to the financial statements).
 - (ii) The Company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required under section 143 (5) of Companies Act 2013, we give in Annexure 3, a statement containing our reply to directions issued by the Comptroller and Auditor General of India.

For **L C KAILASH AND ASSOCIATES**
Chartered Accountants
Firm Regn. No. : 001811N

Date : 27.09.2018
Place: New Delhi

Sd/-
(L. C. GUPTA)
Partner
M. No. : 005122

ANNEXURE “1” TO THE INDEPENDENT AUDITORS' REPORT

Referred to in our report of even date to the members of HSCC (India) LIMITED on the accounts for the year ended 31 March 2017 as specified in para 3 & 4 of the order referred to in sub-section (11) of section 143.

- i. (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed assets of the company held at Head Office for the 2017-18 have been physically verified by the firm of Chartered Accountants during the year and no material discrepancy (ies) are reported on such verification, which in our opinion is reasonable, having regard to the size of the company and the nature of fixed assets. But we have been informed by the management that the fixed assets held at the project sites have been physically verified by the management itself. However the documents evidencing such physical verification of fixed assets were not available for our verification. Hence it is not possible for us to comment on material discrepancy (ies), if any, found on verification of such fixed assets held at project sites.
- (c) The title deeds of all the immovable properties are held in the name of the Company.
- ii. No inventory is maintained by the Company since as all contracts are awarded to the contractors with material on turnkey basis, but no physical verification has been done of the inventory lying with contractors in respect of secured advance against material given by the company of Rs. 44,85,71,500/-
- iii. According to the information and explanation given to us the Company has neither granted any loan nor taken any loan, secured or unsecured loans to/from any companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 Hence other Para's of this clause are not applicable.
- iv. The Company has not advanced loans, given guarantees or security or made any investment in contravention of section 185 and/ or section 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public. As such, the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable to the Company.
- vi. Since the company is not carrying any manufacturing activity, the question of maintaining cost records under section 148(1) of the Companies Act, 2013 does not apply.
- vii. (a) Undisputed statutory dues including provident fund, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed statutory dues outstanding as on 31 March 2018 for a period of more than six months from the date they became payable except income tax demand from assessing authorities under section 143(3) of Income Tax Act, 1961 for the Assessment Year 2013-14 of Rs. 42,87,870 which is unpaid and outstanding for more than six months from the date it became payable. Based on the information and explanation given to us the company has laid down system and procedures regarding deposit of PF and ESI dues related to contractor's workers.
- (b) According to the records of the company and information and explanations given to us there are no dues of sales tax, wealth tax, customs duty, excise duty, value added tax, cess which has not been deposited on account of dispute with appropriate authorities. However, dues of Income Tax, Service Tax and Other statutory dues which have not been deposited on account of dispute are as under:-

Nature of Dues	Amount (Rs in Lakhs)	Period to Which Relates	Where Dispute is Pending
Service Tax	5.29 plus equivalent amount of penalty and interest	October 2009 - September 2010	Commissioner of central Tax (Appeals)
Service Tax (Cenvat Credit)	10.05 plus Interest	April 2010- March 2012	Central Excise service tax appellate tribunal, Allahabad
Service Tax (Penalty)	2.64 plus penalty of Rs. 2.64	January, 2004	Central Excise service tax appellate tribunal, Delhi
ESI	1.83	01-01-1997 to 31-07-2004	Employees State Insurance Corporation, Kanpur

Provident Fund	6.86	2004-05 to 2008-09	Provident Fund Tribunal, Delhi
Electricity Dues with Paschimanchal Vidyut Vitran Nigam Limited	12.32	June 2013.	District Consumer Forum , Greater Noida

- (c) According to the information and explanations given to us, there are no amounts that are required to be transferred to Investors Education and Protection Fund during the year ended 31st March 2018.
- viii. The Company has not taken any loan from Financial Institutions or Banks or Government or Debenture holders since inception. Hence, Para of this Order is not applicable to the Company.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and terms loans, hence the para of this clause are not applicable.
- x. Two frauds involving many transactions have been reported which have been committed by its certain officers and employees of the company. The amount of fraud reported so far is Rs. 301.07 lakhs (Rs. 241.52 & Rs. 59.55 Lakhs) detected in the 4th quarter of the Financial Year 2016-17. The matter has been reported to Noida Police. In the process of reconciliation of bank accounts, certain unidentified entries/ fraudulent transaction were noticed in the Company's bank account with Indian Overseas Bank, Sector-1, Noida and the matter is under investigation.
- xi. In our opinion and according to information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.
- xii. The company is not a Nidhi Company and hence reporting under of clause 3 (xii) of the CARO, 2016 order is not applicable.
- xiii. According to the information and explanations given to us the company's transactions with its related party are in compliance with section 177 and 188 of the Companies Act, 2013, where applicable and details of related party transactions have been disclosed in note no 20(xxiii) of the note schedule forming part of the financial statements.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv. According to information and explanation given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under Section 192 of the Companies Act, 2013.
- xvi. According to information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.

For **L C KAILASH AND ASSOCIATES**
(Chartered Accountants)
Firm Regn. No. : 001811N

Date: 27.09.2018
Place: New Delhi

Sd/-
(L. C. GUPTA)
Partner
M. No. 005122

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF HSCC (India) LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HSCC (India) Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company's internal financial controls system over financial reporting is weak and such internal financial controls over financial reporting needs improvement, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **L C KAILASH AND ASSOCIATES**
(Chartered Accountants)
Firm Regn. No. : 001811N

Sd/-
(**L. C. GUPTA**)
Partner
M. No. 005122

Date: 27.09.2018
Place: New Delhi

ANNEXURE “3” TO THE INDEPENDENT AUDITORS’ REPORT

Directions/ Sub- Directions indicating the areas to be examined by the statutory auditors during the course of audit of Annual Accounts of the HSCC (India) Ltd for the year 2017-18 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

S.No	Directions/Sub-Directions	Action Taken	Impact on Financial Statement
A	Directions		
1.	Whether the Company has clear title/ lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The Company is holding two lease hold plots measuring total area of 2518.13 sq meters at E-13 and E-14 at Sector, 1 Noida. As per the lease agreement the extended period for constructing the building has expired on 21-04-2017. The company has neither applied for extension of time nor constructed the building.	Due to expiry of lease agreement on 21.04.2017 the status of the said property is not clear.
2.	Whether there are any cases of waiver/write off of debts/ loans/ interest etc, if yes, the reason there for and the amount involved.	According to the information and explanations given to us, there are no cases of waiver/ write off of debts/loans/interest etc.	NIL
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.	Not applicable, since the company does not carry any inventory due to nature of its business and no assets received as gift from government or other authorities.	NIL
B	Sub Directions : NIL		

For **L C KAILASH AND ASSOCIATES**
 (Chartered Accountants)
 Firm Regn. No. : 001811N

Place: New Delhi
 Date: 27.09.2018

Sd/-
 (L. C. GUPTA)
 Partner
 M. No. 005122

HSCC (India) Ltd.
Balance Sheet as at 31.03.2018

(Amount in ₹)

Particulars	Note No.	As at 31 st March, 2018	As at 31 st March, 2017
I EQUITY AND LIABILITIES			
1 Shareholders' Funds:			
(a) Share Capital	2	18,001,400	24,001,800
(b) Reserves and Surplus	3	1,702,337,777	1,958,523,317
(c) Specific reserve	4	8,968,923	5,315,523
2 Non - Current Liabilities			
(a) Other Long Term Liabilities	5	50,835,814	50,205,638
(b) Long -Term Provisions	6	87,012,999	74,124,532
3 Current Liabilities			
(a) Trade Payables (Goods & Services)	7	7,418,541	4,100,791
(b) (i) Other Current Liabilities	8	852,605,525	710,654,543
(ii) Other Current Liabilities - Ministry / Clients		27,094,206,229	20,036,845,875
(c) Short -Term Provisions	9	207,584,211	188,596,538
TOTAL		30,028,971,420	23,052,368,557
II ASSETS			
1 Non - Current Assets			
(a) Fixed Assets	10		
(i) Tangible		68185963	69,194,046
(ii) Intangible		624,673	712,784
(iii) Surveyed Discarded Assets		165,441	165,440
(iv) Intangible Assets under development		1,315,678	621,000
(b) Deferred Tax Assets (Net)	11	70,961,482	68,935,201
(c) Long-Term Loans and Advances	12	7,069,005	6,206,344
2 Current Assets			
(a) Trade Receivables	13	1,303,433,673	782,706,548
(b) (i) Cash and Cash Equivalents	14	1,093,017,618	1,535,551,034
(ii) Cash and Cash Equivalents (on behalf of Ministry / Clients)		20,832,206,017	14,247,974,375
(c) (i) Short-Term Loans and Advances	15	200,244,142	332,490,433
(ii) Short-Term Loans and Advances (on behalf of Ministry / Clients)		2,739,090,127	1,954,357,824
(d) (i) Other Current Assets	16	189,747,515	218,939,852
(ii) Other Current Assets (on behalf of Ministry / Clients)		3,522,910,087	3,834,513,676
TOTAL		30,028,971,420	23,052,368,557
The accompanying notes 1 to 20 are an integral part of these Financial Statements.			

As per our report of even date

For and on behalf of the Board of Directors

For L. C. Kailash and Associates
Chartered Accountants
Firm Regn. No. : 001811N

Sd/-
(Gyanesh Pandey)
Chairman & Managing Director
DIN: 03555957

Sd/-
(Preeti pant)
Director
JS (MOH&FW)
DIN: 08134305

Sd/-
Partner : L. C. Gupta
M. No. : 005122

Sd/-
(Saurabh Srivastava)
CGM (F&A)

Sd/-
(Ajay Suri)
DGM (F&A)

Place : Noida
Date : 27.09.2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

Particulars	Note No.	2017-18	2016-17
I. REVENUE FROM OPERATIONS:			
a Value of Work Done		15,131,054,047	15,111,652,106
c Other Income	17	990,955,321	1,080,887,135
II. TOTAL REVENUE		<u>16,122,009,368</u>	<u>16,192,539,241</u>
III. EXPENSES:			
a Contract Expenses		14,168,461,403	14,318,204,253
b Interest Credited/Paid to Govt. Clients		888,276,574	908,772,970
c Employee Benefits Expense	18	389,502,721	323,870,307
d Administrative and other Expenses	19	84,302,800	77,433,017
e Depreciation and amortization Expense	10	7,840,203	7,320,057
IV. TOTAL EXPENSES		<u>15,538,383,701</u>	<u>15,635,600,604</u>
V. Profit before Exceptional and Extraordinary items (II -IV)		583,625,668	556,938,637
VI. Exceptional & Extraordinary item			
a) Exceptional Item			
Prior Period Income		-	8,961,852
Prior Period Expenses		55,320	-1529652
Income Excess Accounted in earlier year		<u>1,346,150</u>	<u>-2758883</u>
		1,401,470	4673317
b) Extraordinary item		-	-
VII. Profit Before Tax (V - VI)		<u>582,224,198</u>	<u>561,611,954</u>
VIII. TAX EXPENSES:			
a Current Tax		209,579,390	207,633,040
b Previous Year Taxes		-	442,300
c Deferred Tax		<u>(2,026,280)</u>	<u>(22,559,317)</u>
		207,553,110	185,516,023
IX. Profit for the year (VII-VIII)		<u>374,671,087</u>	<u>376,095,931</u>
X. Earnings per equity share of Rs. 100 each	20(XXVII)		
Basic Earnings Per Share		2,081.34	1566.95
Diluted Earnings Per Share		2,081.34	1566.95

The accompanying notes 1 to 20 are an integral part of these Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For L. C. Kailash and Associates
Chartered Accountants
Firm Regn. No. : 001811N

Sd/-
(Gyanesh Pandey)
Chairman & Managing Director
DIN: 03555957

Sd/-
(Preeti pant)
Director
JS (MOH&FW)
DIN: 08134305

Sd/-
Partner : L. C. Gupta
M. No. : 005122

Sd/-
(Saurabh Srivastava)
CGM (F&A)

Sd/-
(Ajay Suri)
DGM (F&A)

Place : Noida
Date : 27.09.2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018 (Indirect Method)

Particulars	As on 31.03.2018	As on 31.03.2017
(A) Cash flow from operating activities		
Profit Before Tax	582,224,198	561,611,954
Adjustment for:		
Add: Depreciation	7,840,203	7,320,057
Add: Provision for EMD/SD/Debtors	-	232,910
Add: Interest Paid to Project Authorities	888,276,574	908,772,970
Add: Adjustment made in the Gross Block of Fixed Assets	-	2,870,894
Add: Foreign Exchange Fluctuation Loss	28,219	1,228
Add: Provision for Accrued Consultancy Fees	1,346,150	-
Less: Unclaimed Balances written Back	-	1,131,759
Less: Provision no longer required	15,898,932	241,465
Less: Adjustment made in the Accumulated Depreciation	-	2,870,894
Less: Profit on sale of Fixed Assets	3,968	2,566
Less: Interest On Client Fund	888,276,574	908,772,970
Less: Provision Written Back (Dividend Tax)	-	-
Less: Interest Income	83,062,560	163,393,152
Operating Profit before working capital changes (I)	492,473,310	404,397,207
Adjustment for :		
increase/(decrease) in other current liabilities-Ministry	6,678,710,594	2,153,481,043
increase/(decrease) in Other Long term liabilities	630,176	38,935,532
increase/(decrease) in Long Term Provisions	12,888,467	14,230,797
increase/(decrease) in Provisions	35,401,079	212,343
increase/(decrease) in other current liabilities	141,950,982	107,755,579
increase/(decrease) in Trade Payables	3,317,750	983,592
Increase/(decrease) in Corporate Social Responsibility Fund	(2,347,000)	(8,345,000)
Net increase/(decrease) in Current Liability	6,870,552,048	2,307,253,885
(increase)/decrease in Trade receivables	(520,727,125)	357,940,433
(increase)/decrease in short term loans & advances	132,218,072	55,180,738
(increase)/decrease in short term loans & advances-on behalf of Ministry/clients	(784,732,303)	391,882,551
(Increase)/decrease in Long term loans & advances	(862,661)	(503,568)
(increase)/decrease in other current assets-on behalf of Ministry/clients	326,882,877	980,416,059
(Increase)/decrease in other current assets	18,664,088	(104,830,473)
Net (increase)/decrease in Current Assets	(828,557,052)	1,680,085,740
Net Change in Working Capital (II)	6,041,994,996	627,168,145
Cash generated from Operating activities (I+II)	6,534,468,306	1,031,565,352
Less: Direct Tax Paid	236,177,487	209,987,606
Net Cash flow from Operating activities (A)	6,298,290,819	821,577,746
(B) Cash Flows from Investing Activities:		
Sale of Fixed Assets	7,000	15,872
Add: Interest received (Client Fund)	872,997,285	825,824,448
Add: Interest received (Own Fund)	118,842,744	1,224,810,382
Less: Interest Paid to Project Authorities	509,626,814	908,772,970
Less: Purchase of New Equipment	7,441,708	14,401,778
Net Cash Flows from Investing Activities (B)	474,778,507	1,127,475,954
(C) Cash Flows from Financing Activities:		
Buy back of share capital	(6,000,400)	-
Decrease in reserves	(489,572,636)	
Dividend on equity shares paid	(112,828,780)	163,846,425
Add: Dividend Tax paid	(22,969,285)	33,355,277
Net Cash from Financing Activities (C)	(631,371,101)	(197,201,702)
Net increase/(decrease) in cash & cash equivalent (A+B+C)	6,141,698,226	1,751,849,543
Add: Cash at the beginning of the year	15,783,525,409	14,031,675,865
Cash end of the Year	21,925,223,635	15,783,525,409
Summary:		
Cash end of the year		
(a) Cash -in-Hand	4,873	4,873
(b) Balance With Banks		
- On Current Accounts	310,681,909	102,480,786
- On Deposit Accounts(< 3 month)	116,800,320	1,433,065,375
- On Deposit Accounts(> 3 month)	665,530,516	
Total(A)	1,093,017,618	1,535,551,034
Other Bank Balance held on behalf of Ministries/Clients		
- On Saving Accounts	705,220,100	1,612,370,226
- On Deposit Accounts(< 3 month)	1,476,351,462	135,204,171
- On Deposit Accounts(> 3month)	18,650,634,455	12,500,399,978
Total(B)	20,832,206,017	14,247,974,375
TOTAL(A+B)	21,925,223,635	15,783,525,409

The accompanying notes 1 to 20 are an integral part of these Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For L. C. Kailash and Associates
Chartered Accountants
Firm Regn. No. : 001811N

Sd/-
(Gyanesh Pandey)
Chairman & Managing Director
DIN: 03555957

Sd/-
(Preeti Pant)
Director JS (MOH&FW)
DIN: 08134305

Sd/-
Partner : L. C. Gupta
M. No. : 005122
Place : Noida
Date : 27.09.2018

Sd/-
(Saurabh Srivastava)
CGM (F&A)

Sd/-
(Ajay Suri)
DGM (F&A)

1. SIGNIFICANT ACCOUNTING POLICIES

I. COMPANY INFORMATION:

HSCC (India) Limited, a Mini Ratna (Category I company), is a Government of India Enterprise engaged in rendering comprehensive range of professional services as consulting and executing agency for construction activities in healthcare & other social sectors in India and abroad that includes Conceptual Studies, Management consultancy, Project Management, Logistics & Installation, Procurements, Information Technology, design & engineering and Healthcare facility design.

II. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standard specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provision of Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

III. USE OF ESTIMATES

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure relating to contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates and assumptions and such differences are recognized in the period in which the result is known/ materialised.

IV. REVENUE RECOGNITION

The policies for recognition of Revenue in respect of various activities are as under:

a) ON CONSTRUCTION CONTRACTS

- i. Value of work done is recognized on percentage completion method. The value is determined based on the milestone achieved as stipulated in the contracts and on the basis of measureable work actually executed plus proportionate margin percentage thereon up to the reporting date where the contracts do not stipulate milestones.
- ii. Value of work done/Consultancy fees is determined based on the milestone achieved/proportionate achieved as stipulated in the contracts.
- iii. At the year end, works executed but not measured are accounted for based on certification by Engineer in charge.
- iv. In case of projects foreclosed/terminated, revenue is recognized only to the extent of that part of contract, the recovery of which is probable based on past experience consented by the engineer in charge of the project.
- v. In case of deposit and/or cost plus contracts, the revenue is recognized based on cost incurred on the work done by the contractor plus proportionate percentage of margin stipulated thereon.
- vi. The value of claim for extra/substituted items is recognized on the item rate basis and other claims considered realizable by Engineer in charge of the project based on past experience.

b) ON PROCUREMENT

- i. The Revenue (fees) is recognized as income on the basis of bills raised in respect of fee receivable for work/stages completed as scheduled in the agreement with the client.
- ii. In the cases, where stages of Consultancy Fees bill to be raised has not been expressly stipulated in the agreement with clients, the same is recognized as income in the following manner:
 - On placement of supply order – 70% of total fee receivable.
 - On receipt of supplies/installation of equipments – balance 30% of total fees.

c) ON DESIGN ENGINEERING/STUDIES/DPR/MOU/TRAINING/INFORMATION TECHNOLOGY

Revenue is recognized as income on the basis of bills raised in respect of fees due as per terms of agreement with clients and certified by the concerned Engineer in Charge.

d) GENERAL

- i. Where there is a revision in the cost of the project, the revenue impact (fees) is reflected in the year of revision in the cost.
- ii. If mobilization advance is received against consultancy fees, the same is adjusted proportionately against various stages as scheduled in the agreement with client.
- iii. If advance fee is part of stage payment then it is recognized as income along with completion of next stage as defined in the agreement.

e) INTEREST

Interest earned on funds received from clients is accounted as interest income. Interest paid/credited to the clients as per the terms of the agreement is treated as expenditure.

V. TANGIBLE & INTANGIBLE ASSETS

A. Fixed Assets

i. Tangible Assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition of fixed assets are capitalized. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

ii. Retired/Unusable Assets

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately as "Discarded assets".

iii. Intangible Assets

Intangible assets are stated at cost of acquisition, net of accumulated amortization and accumulated impairment losses, if any. The cost includes purchase cost (net of rebate and discounts) and any directly attributable cost on making the asset ready for its intended use.

B. Depreciation

a. Tangible Assets:

- I. Depreciation is provided on written down value method at the rates and in the manner prescribed under Schedule II, of the Companies Act, 2013. Assets costing up to Rs. 5,000/- each are fully depreciated in the year of purchase.
- II. Leasehold land is amortized proportionately over the duration of lease period.

b. Intangible Assets:

- I. The costs of intangible assets are amortized on written down value method over useful life of 3 years.
- II. Software costing less than Rs. 5000/- is charged – off in the year of purchase.

VI. PRIOR PERIOD ITEMS

Items of income/expenditure in excess of Rs.20,000/- each, relating to earlier years are treated as prior period income / expenditure and are appropriately disclosed.

VII. PREPAID EXPENSES

Expenses in each case up to Rs.20,000/- relating to subsequent years are being charged off to current year expenses and those more than Rs.20,000/- each are treated as prepaid expenses.

VIII. EMPLOYEE BENEFITS (Retirement / Post retirement)

a. Short term Benefits:

Short term employee benefits like salary, allowances and performance related pay are recognised as expenses in the year in which the related services are rendered.

I. Leave Travel Concession (LTC) for Home Town

The Company has a scheme of providing Leave Travel Concession for visit to home town to employees and their dependents. The Scheme is unfunded and is recognised in Profit & Loss Account on the basis of actual payment.

b. Long term Plan (Defined Contribution):

Defined contribution plans are those plans where the companies pays fixed percentage of contribution to provident fund, pension fund etc.

I. Medical Facility

The Company has Medical benefit scheme under which employees on regular pay scales including retired employees are provided medical facilities. The Scheme is funded by the Company and is managed by a separate Trust namely "HSCC Employees' Medical Fund Trust". The contribution to the Trust is recognized in Profit & Loss Account on payment basis.

II. Pension Plan

Contributions to defined contribution schemes such as superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Contribution to Employees pension scheme is made out of employer's share of Provident Fund. Contribution to the above scheme is charged as expenses based on the amount of contribution required to be made as and when services are rendered by the employees.

III. Provident Fund

Provident fund contributions are made to a trust administered by the PF Trust. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

c. Long term plans: (Defined Benefit)

I. Gratuity

The Company also provides for retirement / post-retirement benefits in the form of gratuity, compensated absences. The Group's liability towards such defined benefit plans is determined based on valuations, as at the balance sheet date, made by independent actuaries using the projected unit credit method. All actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss in the year in which they arise.

The Company has a defined benefit Gratuity Plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary ($15 / 26 \times$ last drawn Basic Pay plus Dearness Allowance) for each completed year of service, subject to a maximum of Rs. 10 lakhs (Previous Year Rs. 10 lakhs) on superannuation, resignation, disablement or on death. The Scheme is funded by the Company and is managed by a separate Trust namely "HSCC Employees' Gratuity Fund Trust". The Company has taken a Group Gratuity cum Life Insurance Policy from the Life Insurance Corporation of India. The liability for the same is recognized on the basis of amount payable to Life Insurance Corporation of India being calculated by them on actuarial valuation using projected unit credit method on annual basis.

II. Leave Encashment

The Company has a defined benefit Leave Encashment Plan for compensated absence for Earned Leave and Half Pay Leave (sick leave). The Scheme is unfunded and the obligation is recognized in Profit & Loss Account on the basis of independent actuarial valuation using projected unit credit method on annual basis. The amount received from previous organization of a newly joined employee is credited to Profit & Loss Account in the year of receipt.

IX. PERFORMANCE RELATED PAY

In line with DPE guidelines (3rd pay revision committee report), liability is provided for Performance Related Pay to Employees i.e. Gross up 65% of 5% i.e. 3.25% of PBT plus lower of gross up 35% of 5% i.e. 1.75% of PBT or increment profit, subject to maximum of gross up 5% of PBT for executives and additional liability is provided for non-executives.

X. FOREIGN CURRENCY TRANSACTIONS

Foreign Currency Transactions are recorded on the basis of exchange rate prevailing on the date of respective transaction. Gains / losses arising out of subsequent fluctuations in exchange rates, arising, either on settlement or on translation, are recognized in the Profit & Loss Account. Where such transactions are on behalf of clients, the gain / loss is transferred to respective clients' Accounts.

XI. RESEARCH & DEVELOPMENT

Revenue expenditure on Research & Development is charged as expense in the year in which it is incurred. In cases where Fixed Assets are purchased carrying out research, the same is capitalized and amortized on written down value basis over the useful life of the assets.

XII. PROVISION FOR TAXATION

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years / period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

XIII. LIABILITIES / PROVISIONS NO LONGER REQUIRED

Provisions/Liabilities outstanding for last four years or more which are no longer required/paid as on the date of Balance Sheet are written back. Claims arising, if any, after that date is charged off in the year of claim.

XIV. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

A provision for contingent liability is recognized when Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed and not recognized. Contingent assets are neither recognized nor disclosed.

XV. PROVISION FOR DOUBTFUL DEBTS

The outstanding debts which are not collected up to 3 years of their ageing will be reviewed and the provision shall be made in the books of accounts for doubtful debts based on the report of the management. The outstanding which are not recoverable after all efforts are made for its recovery are written off after approval of board of directors. For other debts, provision is made when there is an uncertainty of realization. Any future recoveries in these accounts are considered as income of the company in the year of receipt.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees
2 SHARE CAPITALS				
(a) Authorised : Equity Shares of Rs. 100/- each	500,000	50,000,000	500,000	50,000,000
(b) Issued ,Subscribed and Paid up : Equity Shares of Rs. 100/- each (Includes fully paid up bonus shares issued during F.Y: 2003-04 1,20,009 (No.) and during 2008-09 80006 (No) totalling 200015 (No)) and Buyback of Share 60,004 Shares i.e. 25% of paid up shares in the current financial year	180,014	18,001,400	240,018	24,001,800
(c) Reconciliation of Number of Equity Shares Outstanding at the beginning and at the end of the year: At the beginning of the Year	240,018	24,001,800	240,018	24,001,800
At the end of the Year	180,014	18,001,400	240,018	24,001,800
Particulars	As at 31st March, 2018		As at 31st March, 2017	
(d) Shareholder holding more than 5% shares of the company: Name of shareholder Name of Shareholder	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
The President of India	180,014	100.00%	240,018	100%
(Includes 36 (no.) Shares held by the nominees of The President of India.)				
Particulars	As at 31st March, 2018		As at 31st March, 2017	
(e) Details of Bonus Equity Shares fully paid up issued by Capitalisation of Reserves:				
2003-04		No. of Shares 120,009		No. of Shares 120,009
2008-09		80,006		80,006
Total		200,015		200,015
Particulars	As at 31st March, 2018		As at 31st March, 2017	
(f) Details of Buy Back of share:				
2017-18		No. of Shares 60,004		No. of Shares -
Total		60,004		-
Particulars	As at 31st March, 2018		As at 31st March, 2017	
(g) Statement of charges in equity :				
Equity Share:		No. of shares		No. of shares
1. Share outstanding at the beginning of the period of Rs. 100/- each		240,018		240,018
Less: Buy Back of Share		60,004		-
2. Share outstanding at the end of the period of Rs. 100/- each		180,014		240,018
Particulars	As at 31st March, 2018		As at 31st March, 2017	
3 RESERVE AND SURPLUS				
(a) General Reserves				
At the beginning of the Year		319,553,727		299,553,727
Add:-Transfer from Surplus in Statement of Profit & Loss		20,000,000		20,000,000
Less: Creation of Capital Redemption Reserve		6,000,400		-
Total(A)		333,553,327		319,553,727
		333,553,327		319,553,727

(Amount in ₹)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(b) Surplus-Balance in Statement of Profit and Loss At the beginning of the Year	1,638,969,590	1,418,671,724
Add: Profit for the year	374,671,087	376,095,931
Appropriations:		
Less : (a) Transferred to General Reserves	20,000,000	20,000,000
(b) Proposed Dividend (30% of Net Profit) Previous year (30% of Net Profit)	112,401,326	112,828,780
(c) Tax on proposed Dividend	22,882,265	22,969,285
(d) Buy Back Remittance	489,572,636	
Total (B)	1,368,784,450	1,638,969,590
Total (A+B)	1,702,337,777	1,958,523,317
4 SPECIFIC RESERVE		
a) <u>Corporate Social Responsibility Fund</u>		
Opening Balance	2,347,423	10,692,423
Add: Contribution for the year	12,065,000	10,798,000
Add: Short contribution for the year 2014-15	-	-
Total	14,412,423	21,490,423
Less: Current Year CSR Expenses		
Swachh Bharat Kosh under clean ganga fund	(9,412,000)	(10,798,000)
Creation/upgradation of STC, Hisar Centre, Haryana, (Sports Authority of India)	(2,653,000)	
Less: Earlier Year CSR Expenses		
ALIMCO		(3,345,000)
SAI		(5,000,000)
Creation/upgradation of STC, Hisar Centre, Haryana, (Sports Authority of India)	(2,347,000)	-
Balance Fund	423	2,347,423
b) Research & Development Fund	1,677,200	1,677,200
c) Sustained Development Fund	1,290,900	1,290,900
d) Capital Redemption Reserve	6,000,400	
Total	8,968,923	5,315,523
5 Other Long Term Liabilities		
Retention Money -Contractors	50,835,814	50,205,638
Total	50,835,814	50,205,638
6 Long Term Provision		
Provision for Employee Benefits (Leave Encashment)	87,012,999	74,124,534
Total	87,012,999	74,124,534
7 Current Liabilities :		
Trade Payable (Goods & Services)	7,418,541	4,100,791
Total	7,418,541	4,100,791

(Amount in ₹)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
8 Other Current Liabilities :		
Deposit from Clients	460,557,969	402,913,044
Trade Payables on behalf of client	32,888,934	39,097,488
	493,446,903	442,010,532
Advance Fee from Clients	121,136,126	74,075,516
Taxes Payable	152,208,432	82,462,829
Earnest Money Deposits	58,919,922	85,649,538
Employees Payable	7,865,625	9,129,966
Expenses Payable	1,303,310	2,224,828
Book Overdraft	-	15,101,334
Other Payables	17,725,207	-
Total	852,605,525	710,654,543
On behalf of Ministry /Clients		
Trade Payable	3,866,935,707	1,870,804,035
Retention Money	1,483,212,104	1,225,540,167
Deposit from clients:-		
Deposit Balance	13,799,420,882	8,906,323,613
Interest on deposits	3,705,514,704	3,326,864,944
	17,504,935,586	12,233,188,557
Provisional Liability for Contract Expenses	3,225,834,628	3,882,664,712
Book Overdraft*	1,013,288,205	824,648,404
Total	27,094,206,229	20,036,845,875
* Book overdraft due to issuance of cheques which will be cleared against term deposits.		
9 Short Term Provisions		
Provision for PRP	36,780,691	49,225,700
Provision for Employee Benefits (Gratuity)	28,802,589	-
Payable to Medical Trust	-	-
Provision for Employee Benefits (Leave Encashment)	6,717,340	3,572,773
Provision for Dividend	112,401,326	112,828,780
Provision for Dividend Distribution Tax	22,882,265	22,969,285
	135,283,592	135,798,065
Total	207,584,211	188,596,538

Note No. : 10

(Amount in ₹)

FIXED ASSETS		DEPRECIATION FOR THE FINANCIAL YEAR 2017-18						NET BLOCK		
		GROSS BLOCK			DEPRECIATION			As at 31-Mar-18	As at 31-Mar-17	
Particulars	As At 1-Apr-17	Additions during the year	Sales/Adj. during the year	As At 31-Mar-18	As At 1-Apr-17	For the year 2017-18	Assets Written off	Adjustments during the year	Upto 31-Mar-18	
Tangible Assets: As per Co. Act-2013										
Buildings	34,007,044	-	-	34,007,044	18,260,801	1,560,952	-	-	19,821,753	15,746,243
Furniture and Fittings	18,937,120	2,945,746	-	21,882,866	10,398,442	2,371,016	-	-	12,769,458	8,538,678
Office Equipments	19,047,141	643,634	20,000	19,670,775	15,218,390	950,699	-	16,968	16,152,121	3,828,751
Motor Vehicles	1,148,477	-	-	1,148,477	884,100	72,909	-	-	957,009	264,377
Computers and Data processing units	18,892,916	2,927,582	-	21,820,498	16,424,619	2,070,166	-	-	18,494,785	2,468,290
Sub Total -A	92,032,698	6,516,962	20,000	98,529,660	61,186,352	7,025,743	-	16,968	68,195,127	30,846,338
Tangible Assets:										
Land - Lease Hold *	44,665,262	-	-	44,665,262	6,317,553	496,281	-	-	6,813,834	38,347,709
Intangible Assets:										
Software	2,354,201	230,068	-	2,584,269	1,641,416	318,180	-	-	1,959,596	712,784
Intangible Assets under Development	621,000	694,678	-	1,315,678	-	-	-	-	-	621,000
Sub Total -B	47,640,463	924,746	-	48,565,209	7,958,969	814,461	-	-	8,773,429	39,681,494
Current Year Grand Total	139,673,161	7,441,708	20,000	147,094,868	69,145,321	7,840,203	-	16,968	76,968,557	70,527,832
Previous Year's Total	128195276	14,401,778	2,923,894	139,673,160	64,735,859	7,320,057	184,077	2,726,511	69,145,328	63,459,417

Note :-

* Leasehold Land is amortised proportionately over 90 years from the date of Lease deed from 1996 valuing Rs. 5749075/- and from 2006 valuing Rs. 3,89,16,187/-

Particulars	As at 31 st March, 2018 (Amount in ₹)	As at 31 st March, 2017 (Amount in ₹)
11. Deferred Tax Assets (Net)		
NET DEFERRED TAX ASSETS	70,961,482	68,935,202
	<u>70,961,482</u>	<u>68,935,202</u>
12. Long Term Loans & Advances		
Secured - Considered Good:		
- Employee Advance:		
- Vehicle Advance - (Secured by charge over the Vehicle)	2,160,072	1,104,572
- House Bulding Advance (Secured by conveyance deed held by the company)	313,718	541,718
Security Deducted by Client	2,666,227	2,666,226
<u>Security Deposit</u>		
Considered good	1,928,988.27	1,893,828
Considered Doubtful	77,910	77,910
Less: Provision	<u>(77,910)</u>	<u>(77,910)</u>
	-	-
Total	<u>7,069,005</u>	<u>6,206,344</u>
13. Trade Receivables		
Debts Outstanding for a Period exceeding six months:		
- Secured	-	-
- Unsecured		
- Considered Good	535,391,733	380,545,019
- Considered Doubtful	72,272,054	72,272,054
Less : Provision for Doubtful Debts	<u>72,272,054</u>	<u>72,272,054</u>
	-	-
Other Debts - Considered Good	768,041,940	402,161,529
Total	<u>1,303,433,673</u>	<u>782,706,548</u>
14. CASH AND CASH EQUIVALENT		
(a) Cash -in-Hand	4,873	4,873
(b) Balance With Current Account in Banks	310,681,909	102,480,786
(c) Other Bank Balance		
- Fixed Deposit Receipts having maturity less than 3 months	116,800,320	1,336,212,125
(d) Fixed Deposit Receipts more than 3 months maturity	<u>665,530,516</u>	<u>96,853,250</u>
	782,330,836	1,433,065,375
Total	<u>1,093,017,618</u>	<u>1,535,551,034</u>
14. Bank Balance held on behalf of Ministries/Clients		
(a) Balance With Saving Account in Banks	705,220,100	1,612,370,226
(b) Other Bank Balance		
- Fixed Deposit Receipts having maturity less than 3 months	1,476,351,462	135,204,171
(c) Fixed Deposit Receipts more than 3 months maturity	<u>18,650,634,455</u>	<u>20,126,985,917</u>
	12,500,399,978	12,635,604,149
Total	<u>20,832,206,017</u>	<u>14,247,974,375</u>

Particulars	As at 31 st March, 2018 (Amount in ₹)	As at 31 st March, 2017 (Amount in ₹)
15. Short Term Loans & Advances		
Unsecured considered good unless otherwise stated-		
* Employees Advance:		
- Tour Advance	1,140,512	252,962
- Advance recoverable from employees	1,894,745	2,157,452
- Recoverable from Clients (Secured by the deposit in the client account to the extent of Rs.20,33,33,738/- <u>Receivable from Clients</u>)	184,958,655.49	313,902,111
- Recoverable from Clients(Considered Doubtful)	1,301,053	1,301,053
Less : Provisions	(1,301,053)	(1,301,053)
<u>Advances Recoverable in cash or in kind or value to be received and/or to be adjusted</u>		
- Advance to Suppliers	1,245,109	231,767
- Prepaid Expenses	549,546	608,776
- Others	10,455,575	4,337,342
Considered Doubtful	155,000	155,000
Less: Doubtful	(155,000)	(155,000)
Cenvat Recoverable		11,000,023
Total	200,244,142	332,490,433
On behalf of Ministry / Clients		
Contractors Advance:		
Mobilisation advance to contractor-Secured by Bank Guarantee	816,948,639	215,903,179
Secured Advance against Material	448,571,500	376,624,471
Progressive Contractors advance (adjustable against running bills)	728,224,571	974,374,290
	1,993,744,710	1,566,901,940
Advances/Deposits		
NAMP Receivables-Deposit with Court	170,000,000	170,000,000
Receivable from others	575,345,417	217,455,884
Total	2,739,090,127	1,954,357,824
16. Other Current Assets		
Interest accrued but not due		
- On Deposits with banks	62,771,282	99,463,633
- On staff Loans and advances	1,713,459	801,304
Interest Receivable	35,729,380	35,729,380
Value of work done (Suspense Consultancy)	25,880,690	46,536,787
Deposit against Service tax appeal	434,220	407,776
EX-Employee Recoverables	77,451	18,485
Rajasthan GST Refund receivable	560,449	-
Amount Recoverable from Income Tax Deptt:		
A/Y-2005-06	5,835,000	5,835,000
A/Y-2006-07	330,850	330,850
Fringe Benefits Tax Receivable	196,481	196,481
Recoverable from Income Tax Department	56218253.17	29,620,156
Total	189,747,515	218,939,852
- On behalf of Ministries/ Clients		
- on Deposits with Banks		
Interest accrued but not due	297,075,459	281,796,171
Value of work done (Suspense)	3,225,834,628	3,552,717,505
Total	3,522,910,087	3,834,513,676

Particulars	As at 31 st March, 2018 (Amount in ₹)		As at 31 st March, 2017 (Amount in ₹)	
17. Interest Income on Client Funds	888,276,574		908,772,970	
Interest on deposits (HSCC Fund)	<u>79,079,570</u>	967,356,143	<u>163,230,621</u>	1,072,003,591
Interest on Staff Loans		933,708		162,531
Interest Income on Delayed receipts		3,049,282.00		
Unclaimed balances written back		-		1,131,759
Provisions no longer required written back		15,898,932		241,465
Sale of Tender Documents		2,190,585		5,531,250
Profit on sale of Fixed Assets		3,968		2,566
Miscellaneous Income		1,522,703		1,813,973
Total		<u>990,955,321</u>		<u>1,080,887,135</u>
18. Employee Benefits Expenses				
Salaries, Wages, Ex-gratia / PRP and allowances		284,652,901		203,810,074
Contribution to Provident Fund and Pension Fund		41,488,521		79,635,514
Contribution to Gratuity Fund		28,802,589		5,011,242
Contribution for Group Insurance		107,301		60,313
Lease Rent for staff accommodations (Net of recoveries)		18,756,061		20,443,905
Staff welfare (Including Medical and Leave Travel Concession)		10,694,355		10,190,346
Subscription & Membership Fees		115,984		39,432
Contribution to Medical Fund Trust		3,045,001		2,909,827
Contribution to Welfare Fund Trust		1,840,008		1,769,654
Total		<u>389,502,721</u>		<u>323,870,307</u>
19 Administrative & Other Expenses				
Rent		4,015,147		2,054,625
Travelling and Conveyance: (Net of Recovery Rs. 24000/-)				
Directors	855,526		1,100,590	
Others	<u>15,203,863</u>	16,059,389	<u>11,717,396</u>	12,817,986
horticulture expenses		20,880		
Insurance Premium		111,880		110,051
Power and Fuel		4,102,844		4,140,668
Water Charges		208,727		181,614
Printing and Stationery		4,337,590		5,099,792
Postage & Telecommunication Expenses		1,419,823		2,360,871
Vehicle Running & Maint. Expenses		86,053		109,376
Vehicle / Taxi hire charges		5,915,277		4,881,512
Advertisement and Publicity		1,666,318		1,678,134
Legal & Professional Charges		14,781,023		10,710,106
Repair and Maintenance:				
- Building	2,434,663		6,008,301	
- Others	<u>1,929,193</u>	4,363,856	<u>320,997</u>	6,329,298
Auditors' Remuneration - Refer Note no. 20 (XI)		1,250,000		1,485,000
Business Promotion		5,066,478		7,086,742
Directors Sitting Fees		-		-
Taxes & Fees		1,546,745		21,194
Computer Repairs & Maintenance		2,075,485		1,472,922
Expenses towards Corporate Social Responsibility Activities:				
CSR Expenses		12,065,000		10,798,000
Recruitment and Training Expenses		1,307,460		1,847,264
Watch and Ward Expenses		2,283,095		2,475,753
Bank Charges		1,421,539		939,712
Foreign Exchange Fluctuations		28,219		
Miscellaneous Expenses		169,973		599,487
Provision for Bad & Doubtful Debts		-		232,910
Total		<u>84,302,800</u>		<u>77,433,017</u>

20. Notes Forming Part of the Financial Statement

I. Contingent Liabilities not provided for HSCC

(₹ In Lacs)

Particulars	F.Y. 2016-17	Additions	Deletion	F.Y. 2017-18
ESI - Claims from Director , Employees State Insurance Corporation, Kanpur falling under ESI Act for the period w.e.f 01.01.1997 to 31.07.2004 not acknowledged as debt	1.83	Nil	Nil	1.83
Bank Guarantee: - Outstanding Performance bank guarantees as on 31.03.2017 issued by Banks for Construction projects on behalf of the company.	635.98	586.00	145.24	1076.74
Demand raised by Service Tax Department:				
a) Demand by Asstt. Commissioner of Central Excise under section 73 for the period Jan 2004 for Contravening provisions of Section 68 read with section 66 of Finance Act 1994 and rule 6(1) and 6(2) of the Service tax rule 1994 and penalty under section 76 of the Act. Appeal Pending before Custom, Excise & Service Tax Appellate Tribunal, R K Puram , Delhi on 29.12.2017. Amount already deposited Rs. 19,840/- Penalty Rs. 2.64 lakhs	2.64	Nil	Nil	2.64
b) Disallowance of Cenvat Credit for the period Oct 2009 to Sep 2010. Appeal remand back to Commissioner of Central Tax (Appeal) dt. 28.11.2017. Amount already deposited Rs. 0.40 lakhs, Penalty Rs. 5.29 lakhs	5.29	Nil	Nil	5.29
c) Disallowance of Cenvat Credit for the period April 2010 to March 2012. Appeal Pending before Custom, Excise & Service Tax Appellate Tribunal, Allahabad on 28.02.2018. Amount already deposited Rs. 3.18 lakhs. Penalty Rs. 10.05 lakhs	10.05	Nil	Nil	10.05
Provident Fund: Demand raised by Regional Provident Fund Commissioner (RPFC) in respect of Contractual employees through contractors engaged by the company during 2004-05 to 2008-09. Appeal Pending before PF Tribunal. Amount already deposited Rs. 5.15 Lacs.	6.86	Nil	Nil	6.86
Demand raised by Income Tax Department:				
a) Income Tax demand for Asstt. Year 2014-15- Appeal pending before ITAT filed on 20.09.2018 w.r.t. disallowance of tds on govt funds	232.60	Nil	190.60	42.00
Total (A)	895.25	586.00	335.84	1145.41

II. Contingent Liabilities not provided for Ministries/CLIENT

- (a) Claims by Suppliers/contractors aggregating to Rs. 7296.03 Lakhs towards supply of material and works contracts (Previous years Rs. 5663.34 Lakhs) are under court/arbitration against various clients, where HSCC is co-defendant. However, the management does not foresee any liability on the company in these cases.
- (b) Due to certain lapses in one of the Project (CRI, Kasauli) regarding Consultancy Services, the Company had earlier (in Oct. 2006) estimated the cost of modification of Rs 3 Crores and had agreed to meet 2/3rd of the said cost. But later on this decision was not confirmed by the Board of Directors. Further, the Board decided that the Company can accept the joint moral responsibility with the client for reported lapses in the Project. On this extraordinary liability, the Ministry of Health & Family Welfare (MOH&FW), Government of India engaged an agency to appraise and quantify the extent of reported infructuous expenditure on building construction works for which the Company provided consultancy services till 2004 i.e. when building was offered for taking over by CRI, the Company may have to pay and bear half of such assessed costs, if there be a demand in that behalf from MOH&FW, Government of India. The amount of liability has not yet been ascertained. Accordingly, the same will be charged to Profit & Loss Account in the year in which the liability is determined.
- (c) MOH&FW vide letter no. T-14020/27/2009-VBD, dated. 09/05/2013 referring order passed by the Hon'ble Supreme Court of India in the matter of SLP No 12397/2013 arising out of Judgment & Order dt. 21/12/2012 in FAO No. 623/2012 passed by Hon'ble Delhi High Court and said that M/s HSCC (India) Ltd. will deposit the payment towards the decretal amount in the Delhi High Court at this stage in respect of M/s ISSA Industries case for Bed nets.

To comply the above order of MOH&FW, HSCC deposited Rs 1700 lakhs on 15/05/2013 out of the deposits of MOH&FW available with HSCC from the projects of MOH&FW as the funds are not available with HSCC for this project as approved by the Board in their 128th meeting held on 10/5/2013 and by the Shareholders in their 2nd Extra ordinary General Meeting held on 13/05/2013. This amount is shown under Short Term Loans & Advances as NAMP Receivables in Note No. 15 – Short Term Loans & Advances of Notes to the Financial Statements. Balance Rs. 4.77 lakhs have been deposited from NAMP funds. As decided in EGM, MOH&FW has been requested to set up an inquiry to ascertain the person(s) / Organization(s) responsible for the lapses in the matter and also apportion the liability generation out of Arbitration / Courts order to the extent of their lapses / omissions / commissions to bring the justice in the matter. Especially this may be seen in view of the facts that lapses and reasons for arbitral award are not attributable to HSCC. Liability in this regard, if any, attracted to HSCC will be dealt accordingly in the year in which it is ascertained. HSCC as of now doesn't foresee any liability in this respect.

- III. No Provision for Income Tax demand raised by the assessing officer under section 143(3) of Income Tax Act, 1961 for Assessment year 2013-14 of Rs. 42,87,870/- due to mismatch on account of TDS deducted by various PSU Banks & Clients not appearing in 26AS of HSCC, has been made which is outstanding for more than six months
- IV. In the process of reconciliation of various head of accounts, certain unidentified entries were noticed from the company's account maintained with Indian Overseas Bank (IOB), Sector-1, Noida. It was found that fraud has been committed in the bank account by transferring/withdrawing by the company employee. The amount of such transactions are Rs. 2,41,52,087.00 (Rupees Two crore forty one lakh fifty two thousand and eighty seven only) during the period 2014-15 and Rs. 59,55,407.00 (Rupees Fifty Nine lacs Fifty Five thousand Four hundred and Seven only) in November 2015 to unidentified parties. In this connection, FIR has been registered with the Noida Police and departmental enquiry is also in progress against the concerned staff and Mr. Amit Saroya has been found guilty and dismissed as per the order of the disciplinary authority dated 21.11.2017 and dismissal is effective from 23.02.2017 and four other employees have been suspended.
- V The company is contingently Liable in respect of employees who have been suspended and no provision has been made in respect of liability that may arise after the decision of the disciplinary inquiry as the amount is unascertained.
- VI Funds Received from Clients are kept in separate bank accounts (Corpus Accounts) in accordance with the terms and conditions of the agreement. In terms of such agreements Rs.2, 16,585.00lakhs (Previous Year Rs. 1,37,989.78 lakhs) were received during the year for execution of various projects.

- VII** As on 31.03.18 outstanding amount of Foreign Letters of Credit Rs. 367.16 Lakhs opened in favour of suppliers for and on behalf of ministries/clients (Previous Year Rs. 3265.13 Lakhs). However, the management does not foresee any liability on the company in these cases.

S. No.	LC In Currency	Amount in Foreign Currency	Equivalent Amount in INR
1.	US \$	381598.17	24819145
2.	Euro	52599	4240531
3.	CHF	112250	7656573
Total		546447.17	36716249

- VIII** As identified from the available information, neither principal nor Interest is due to the units on behalf of client as on 31.03.2018 (Previous Year Rs. Nil) covered under Micro, Small and Medium Enterprises Development Act, 2006.

- IX** The company has sent confirmation letters to the trade receivables but only few replies have been received till date. Balances appearing in most of the parties' accounts under the head Trade Payables, Amount lying in retention money account (SL-54), Sundry Creditors (SL-51), Advance Fees from Clients (SL-52) Client Deposit Funds (SL-53), other recoveries (SL-47), General Advance (SL-46), Lease Deposits, Sundry Debtors, EMD and Security Deposit given by HSCC and various balances on behalf of Ministries/Clients are subject to confirmation.

- X** Unclaimed balances of Trade Payable son account of client works will be transferred to respective client accounts in the year in which the accounts are settled with the clients.

- XI** Credit balances lying in the deposit account of clients (MOH&FW, MEA, State Govts., Govt. Autonomous Bodies, PSUs etc.) for more than 4 years are Rs. 7181.42 Lakhs(Previous year Rs. 2345.79 lakhs) inclusive of Corpus Account Rs. 5946.62 Lakhs (Previous year Rs. 681.54 lakhs) will be paid in the year in which accounts are settled with them.

- XII** The Company during the year has made provision of Rs. 30.45 lakhs and Rs 18.40 lakhs (Previous Year Rs. 29.10 lakhs and Rs 17.70 lakhs) to be contributed to Employees' Medical Trust and Welfare Fund Trust respectively based on the approval given by the competent authority for the welfare of its employees.

- XIII** Two plots No E-13 & E-14 at Sector-1, Noida measuring 2518.13 square meter were allotted to HSCC (India) Limited and supplementary lease deed was executed with New Okhla Industrial Development Authority (Noida) on 22nd April, 2013. As per clause no.4 of the deed of the lessee i.e. HSCC (India) Limited shall have to erect and complete the construction of building on the demised land within the specified period of four year unless the lessor allows extension of time. The lease agreement was expired on 21-04-2017. The company is in the process of applying for extension.

- XIV** LTC as per the consistent policy of the company is paid to the employees who availed and submitted the claim for visit the Home town.

- XV** No provision has been made of GST for VWD taken in respect of unmeasured bills as on 31.03.2018 based on accounting policy no. iv(a)(iii) of the company. Similarly, no credit of GST input credit is accounted for in respect of corresponding expenses. Thus GST (input) and output will be accounted for and set off in the year in which the RA bills are raised by the contractor and also in respect of consultancy bills raised by the company on accrued basis, no gst has been accounted for.

- XVI** The company has paid Rs. 33,24,100/- towards court fees for filing recovery suits in the District Court, Gautam Budh Nagar for recovery of amount related to fraud cases. The same has been treated as expenditure of the current year and charged to profit & loss account. The amount will be credited to profit & Loss Account in the year in which the amount will be recovered.

- XVII** As per office Memorandum of Department of Investment & Public Asset Management (DIPAM), the company is in process of strategic disinvestment- merger with similarly placed CPSE. The merger is in advanced stage.

- XVIII** Payment to Auditors:

The payment to Auditors in the current year exclusive of GST shown in the financial statements Rs. 12.50 lakhs inclusive of Rs. 2.50 Lakhs for Tax Audit (Previous year Rs. 10.00 Lakhs including Rs. 2.00 Lakhs for Tax Audit Fees)

- XIX.** In the opinion of the Board of Directors, the Current Assets and Loans & Advances as on 31.03.2018 have a value on realization, in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet.
- XX.** Physical Verification of Fixed Assets except site offices of the company for the year 2017-18 has been conducted by a firm of independent Chartered Accountants.
- XXI. Disclosure as per Accounting Standard -15 on “Employee Benefits”**

Disclosures in terms of ‘Employees’ Benefit’ are as under:

(a) Defined Contribution Plan:

i. Provident Fund

The Company pays fixed contribution to Provident Fund at predetermined rates to a separate Trust namely “HSCC Employees’ Provident Fund Trust” which invests the funds in permitted securities. The contribution to the fund for the year is recognized as expense and is charged to Profit & Loss Account. The Provident Fund Trust is required to pay minimum rate of interest on contributions to the members as specified by Government of India. Deficit to the Trust, if any, on account of payment of such minimum rate of interest is borne by the Company and is recognized in Profit & Loss Account as expense. During the year the Company had recognized Rs. 201.63 Lakhs as employer’s contribution towards Provident Fund (Previous Year Rs.133.65 Lakhs).Deficit amounting to Rs. 29.93 lakhs due to payment of Minimum rate of interest has been contributed by the company and as recognized in the profit and loss account as expense of the company.(Previous year Rs. 5.81 lakhs)

ii. Medical Facility

During the year the Company had contributed Rs. 30.45 (Previous Year Rs. 29.09 lakhs) lakhstowards the said Trust in the Profit & Loss Account which includes hospitalization of existing & retired employees.

(b) Long Term Plans

i. Gratuity

As per Actuarial Valuation as on 31st March, 2018 and recognized in the financial statements is as under:

S.No.	Particulars	31.03.2018	31.03.2017
1	Membership Data		
	Number of Members	186	172
	Average Age(Yrs)	39.70	40.30
	Average Monthly Salary(Rs)	63437.39	53815.35
	Average Past service(Yrs)	9.78	9.85
2	Actuarial Assumptions		
	Mortality Rate	LIC(2006-08) ultimate	LIC(2006-08) ultimate
	Withdrawal Rate	1%-3% depending on age	1%-3% depending on age
	Discount Rate	7.5% p.a	8% p.a
	Salary Escalation	7% p.a	7% p.a
3	Results of Valuation		
	PV of Past Service Benefit	728.51	438.37
	Current Service Cost	49.39	25.68
	Total Service Gratuity	1728.48	1214.75
	Accrued Gratuity	803.54	569.62
	LCSA	924.93	645.13
	Fund Value	489.88	415.95

The Company has made provision of Rs. 2.88 crore towards contribution to gratuity as per policy with Life Insurance Corporation of India.

ii. Leave Encashment

The following is the summary of components Compensated Absences (leave encashment & sick leave liability):

I. Change in present value of obligation.

(₹ in Lakhs)

	Particulars	31.03.2018	31.03.2017
(a)	Present value of obligation as at the beginning of the period	776.97	626.46
(b)	Interest cost	58.58	50.11
(c)	Current service cost	91.78	84.74
(d)	Benefits paid	(68.79)	(29.99)
(e)	Actuarial (gain) / loss on obligation	78.75	45.63
(f)	Present value of obligation as at the end of period	937.30	776.95

II. Expenses recognized in Profit & Loss Account.

(₹ in Lakhs)

	Particulars	31.03.2018	31.03.2017
(a)	Current service cost	91.78	84.74
(b)	Interest cost	58.58	50.11
(c)	Net actuarial (gain) / loss recognized in the period	78.75	45.63
(d)	Expenses recognized in the statement of Profit & Loss	229.11	180.48

III. Movement in the liability recognized in Balance Sheet.

(₹ in Lakhs)

	Particulars	31.03.2018	31.03.2017
(a)	Opening net liability	776.95	626.46
(b)	Expenses as above	229.11	180.48
(c)	Benefits paid	(68.79)	(29.99)
(d)	Closing net liability	937.27	776.95

IV. The principal assumptions used in actuarial valuation are shown below:

	Particulars	31.03.2018	31.03.2017
(a)	Discounting Rate (%)	7.73	7.54
(b)	Future salary increase (%)	5.50	5.50
(c)	Retirement Age (Years)	60	60

Additional Information:-

XXII. Information regarding foreign exchange used:

Particulars	2017-18	2016-17
Expenditure in Foreign Currency on :		
- Travelling	11.53	6.03
- Value of imports on C.I.F. basis :		
Capital Goods (on behalf of clients)	7585.76	2535.80

XXIII. Segment Reporting

a) Business segments

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" the company's business segments include construction activity, consultancy, supply of equipment, medicine etc. Hence, all its operation falls under single segment within the meaning of Accounting Standard AS-17 "Segment Reporting".

b) Geographical segments

Since the Company's activities are primarily within the country and considering the nature of product/services it deals in, operating risks and returns are same and as such there is only one geographical segment.

XXIV. Operating Profit

Operating Profit Rs. 48,09,46,920/- is calculated by considering operating income minus operating expenses of the company as under:-

	Amount (Rs.)
Profit before exceptional and extra ordinary items	58,36,25,668/-
Less:- Other Income	10,26,78,748/-
Operating Profit	48,09,46,920/-

XXV. No Provision for Income Tax demand raised by the assessing officer under section 143(3) of Income Tax Act, 1961 for Assessment year 2013-14 of Rs. 4287870/- has been made which is outstanding for more than six months.

XXVI. Disclosure as per Accounting Standard - 18 on "Related Party Disclosures"

Details pertaining to Related Party Transactions are as follows:

(a) Subsidiaries	-	Nil
(b) Fellow Subsidiaries	-	Nil
(c) Related Parties	-	Nil
(d) Key Management Personnel		

	Name	Nature of Relationship
(i)	Shri Gyanesh Pandey Chairman & Managing Director	Key Management Personnel
(ii)	Shri S.K. Jain Director (Engg)	Key Management Personnel

(e) Remuneration to Key Management Personnel

Remuneration to the Chairman & Managing Director and Director (Engineering) during the year is Rs. 122.80 Lakhs (Previous Year Rs. 88.26 Lakhs) as detailed below excluding reimbursement of expenses:-

(₹ in Lakhs)

Particulars (Paid / Payable)	2017-18 (Rs. In lakhs)			2016-17 (Rs. In lakhs)		
	CMD	Dir (Engg)	Total	CMD	Dir (Engg)	Total
Salaries & Allowances	51.38	49.40	100.78	33.84	32.84	66.68
Contribution to Provident Fund	2.90	2.93	5.83	2.31	2.34	4.65
House Rent (Net)	4.91	4.35	9.26	5.41	4.80	10.21
Medical	0.02	0.88	0.90	0.08	0.64	0.72
Contribution to Superannuation Pension fund	2.90	2.93	5.83	2.90	2.90	5.80
Contribution to Staff Welfare Trust	0.10	0.10	0.20	0.10	0.10	0.20
Total	62.21	60.59	122.8	44.64	43.62	88.26

Further, the above excludes contribution to Gratuity Scheme and Group Insurance Scheme.

XXVII. Disclosure as per Accounting Standard -20 on "Earning per Share"

	Calculation of E.P.S.	2017-18	2016-17
A.	Net Profit for the year attributable to Equity Shareholders	37,46,71,087	37,60,95,931
B.	Number of Equity Shares outstanding during the year	180014	240018
C.	Basic Earnings per Share	2,081.34	1566.95
D.	Diluted Earnings per Share	2081.34	1566.95
E.	Nominal value per Share (Rs.)	100	100

XXVIII. In terms of the Office Memorandum F.No.3(3)-B(S)/2015 dated 05/01/2016 from the Ministry of Finance Department of Economic Affairs, the Board of Directors of the company has decided to pay an annual dividend of 30 % of Profit After Tax (PAT) to the equity shareholders for the year 2017-18 (Previous Year 30% of PAT). This year the amount of proposed dividend is Rs. 11,24,01,326/- (Previous Year 11,28,28,780/-).

XXIX. No liability is provided for in the books of Accounts on account of liquidated damages, if any, liability arising on pending settlement and reconciliation of Accounts with the client in respect of the projects which have been completed or the projects which are in progress as on 31/03/2018 which will be provided in the year of settlement.

XXX. The details of disputed dues as on 31st March 2018 in respect of Income Tax, Service Tax, GST not deposited by the company are as follows: -

Name of statute	Nature of Dues	Amount involved (Rs.)	Period to which amount relates	Forum where dispute is pending	Amount paid under protest (Rs.)
Income Tax	Income Tax	232.60 lakhs	Asstt Year 2014-15	ITAT	-
Service Tax	Service Tax	529473/- plus equivalent amount of penalty and interest	Oct 2009 - Sep 2010	Commissioner of Central Tax (Appeal)	39720/-
Service Tax	Service Tax	1005498/- plus equivalent amount of penalty and interest	April 2010 - March 2012	CESTAT Allahabad	318466/-
Service Tax	Service tax	2,64,437/- plus equivalent amount of penalty	January, 2004	CESTAT, Delhi	19,840/-

General Notes:

- Previous year's figures have been rearranged and regrouped wherever necessary so as to make them comparable with those of current year.
- All figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 20 & Notes to the Accounts

As per our report of even date

For and on behalf of the Board of Directors

For L. C. Kailash and Associates
Chartered Accountants
Firm Regn. No. : 001811N

Sd/-
(Gyanesh Pandey)
Chairman & Managing Director
DIN: 03555957

Sd/-
(Preeti Pant)
Director JS (MOH&FW)
DIN: 08134305

Sd/-
Partner : L. C. Gupta
M. No. : 005122

Sd/-
(Saurabh Srivastava)
CGM (F&A)

Sd/-
(Ajay Suri)
DGM (F&A)

Place : Noida
Date : 27.09.2018

VIGILANCE ACTIVITIES



The Company being a Consultancy Organization in group C category of PSU there is no full time Vigilance Officer (VO) in the company. Shri R.K. Agarwal, GM -Projects (Electrical) is acting as Vigilance Officer (VO) Part Time w.e.f. 14.11.2014. During the year, Vigilance Cell has functioned as an effective part of management. Annual reports, Quarterly Progress Reports, Monthly report, Private Foreign Visits, CTE reply were submitted to the respective agencies on time. CVC guidelines, received from time to time, were followed and adhered to as precautionary and preventive measure and inquiries are properly and promptly attended. Existing systems and procedures were reviewed for further improvements and all out efforts were made to ensure transparency in the working of the Company. To maintain high moral standard of employees the Central Vigilance Commission observing Vigilance Awareness Week from 29th October, 2017 to 3rd November, 2017 accordingly we are also observing Vigilance Awareness Week. The Pledge was administered to all employees.

INDEPENDENCE DAY CELEBRATION-2018

72nd Independence Day is being celebrated at HSCC with full enthusiasm.



SENIOR OFFICIALS & HEAD OF DIVISIONS



Shri S. A. Usmani
CGM



Shri V. V. Govinda Rao
CGM (PG-I)



Shri S. C. Garg
CGM (PG-II)



Shri Saurabh Srivastava
CGM (F&A)



Shri Karam Veer Khanna
IT Deptt.



Shri Pramod Kumar
Procurement



Shri P. K. Bhatia
Rishikesh



Shri Rajiv
PHE



Shri S. Samanta
Tezpur



Smt. Monisha Tankha
Civil



Shri R. K. Agarwal
Electrical



Shri Debashish Bandyopadhyay
Procurement & Spl. Services



Shri Shivanna
Shillong

HSCC OFFICES

Registered Office:

205 (2nd Floor), East End Plaza,
Plot No.4, DDA LSC – Centre – II,
Vasundhara Enclave, Delhi – 110096.

Corporate Office :

E-6(A), Sector-1,
NOIDA - 201301 (U.P.)

Project-Cum-Site Offices :

ASSAM

Lokpriya Gopinath Bordoloi
Regional Institute of Mental Health
1st Floor, Ex-Police Line, Near Kali Mandir,
P.O: Tezpur,, Dist: Sonitpur (Assam)
PIN - 784001

CHHATTISGARH

House No. B-19/7, Near Pani Ki Tanki
New Rajendar Nagar,
Raipur (Chhatisgarh)
PIN - 492001

Major Site Offices :

- National Cancer Institute, AIIMS Jhajjar, Haryana
- Cochin Cancer & Research Centre , Ernakulam, Kerala
- 100 beded Hospital,ESIC, Siliguri
- Redevelopment of Lady Harding Medical College & associated Hospitals, New Delhi.
- Upgradation of Nursing College – RAK, Delhi
- New Paid Ward at AIIMS, New Delhi .
- Hostel Block at AIIMS, New Delhi
- Housing work,AIIMS, Raebareilly.
- Surgical Block at AIIMS, New Delhi
- Mother & Child Block at AIIMS, New Delhi
- New OPD Block at AIIMS, New Delhi
- Satellite Unit of Post Graduate Institute of Medical & Educational Research, Sangrur
- NRHM- Uttar Pradesh, NRHM- Kerala and NRHM- Himachal Pradesh
- Construction of Super speciality Block in Neuro Sciences, NIMHANS, Bangalore
- National Institute of Animal Biotechnology, Hyderabad.
- Vaccine processing facilities for Institute of Veterinary Biological Products, Pune
- 750 Bedded Hospital (Phase I – 400 bedded), IIT, Kharagpur
- Residential & Hostel Complex for New AIIMS, Bhubaneswar.
- Super Speciality Block, OPD & Academic Block at Kolkata Medical College, Kolkata
- Upgradation of Govt. Hospital, Naharlagun, Arunachal Pradesh
- Medical College at Nahan, Hamirpur & Chamba, Himachal Pradesh
- Regional Institute of Paramedic & Nursing Sciences (RIPANS), Aizwal.
- UG seats from 100 to 150 intake P.A. for RIMS, Imphal

PMSSY Upgradation Phase III Projects -

- | | | | | |
|-------------|-------------|----------------|--------------|--------------|
| - Rewa | - Berhampur | - Udaipur | - Gwalior | - Patiala |
| - Bikaner | - Jabalpur | - Burla | - Aurangabad | - Vijayawada |
| - Dibrugarh | - Jhansi | - Kota | - Guwahati | - Shimla |
| - Allahabad | - Latur | - Panaji (Goa) | - Darjeeling | |
- New AIIMS at Nagpur, Kalyani and Guntur.
 - Mizoram Institute of Medical Education and Research, Falkawn, Mizoram.
 - 100 intakes Medical College, Pali, Rajasthan.
 - Housing & Hostel for Dr. R.P. Medical College, Kangra

STATUTORY AUDITORS

M/s L. C. Kailash and Associates

Chartered Accountants
122-124, Model Basti
New Delhi-110005

INTERNAL AUDITORS

M/s Prem Gupta & Co.

Chartered Accountants
4, Shiva Ji Marg
New Delhi-110015

SECRETARIAL AUDITORS

M/s Parveen Rastogi & Co.

Company Secretaries
Flat No.-3, Sood Building,
Teil Mill Marg,
Ram Nagar, Paharganj,
Delhi - 110055

BANKERS

Indian Overseas Bank
Canara Bank
Punjab National Bank
Bank of Baroda
State Bank of India
Syndicate Bank
UCO Bank
Corporation Bank
HDFC Bank Ltd.
Oriental Bank
Axis Bank
Union Bank of India



HSCC (India) Ltd.

(A Subsidiary of NBCC (India) Limited)
 (A Government of India Enterprise)

Corporate Office :

E-6(A), Sector-1, Noida - 201 301 (U.P.)

Tel. : 0120-2542436, 37, 38, 39, 40,

Fax : 0120-2542447, 2533001

CIN No. U74140DL1983GOI015459

Website : www.hsccltd.co.in