

## Annexure-3 to the Directors' Report

### Report on Corporate Governance

#### 1. Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance and disclosure practices, many of which were in existence even before they were mandated by legislation. Transparency, integrity, professionalism and accountability-based values form the basis of the Company's philosophy for corporate governance. The Company strives to improve the corporate governance practices to meet stakeholders' expectations and strictly complies with regulatory guidelines on corporate governance.

#### 2. Board of Directors

##### (a) Composition of Board

As on date the Board of Directors have five members and all of them are Non-Executive Directors. The Non-Executive Directors account for 100% of Board's strength against minimum requirement of fifty percent as per Clause 49 of the Listing Agreement. There are three Independent Directors. The Company does not have a regular Non-Executive Chairman and 60% of the Board is comprised of Independent Directors where the minimum requirement is 50% as per Clause 49 of the Listing Agreement. Smt. Mou Mukherjee is Non-Executive Independent Woman Director. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance & law. The composition of Board of Directors as on the date of the report is as follows :-

| Name of Directors        | Category<br>(As per Listing Agreement) | No. of other Directorships* | No. of other Board Committee(s) of which he is a member ** | No. of other Board Committee(s) of which he is a Chairman ** |
|--------------------------|--|-----------------------------|--|--|
| Shri A. Sankaranarayanan | Not Independent - Non-Executive        | 3                           | 2  | -  |
| Shri Raj Kamal Johri     | Independent - Non-Executive            | -                           | -  | -  |
| Shri Sanjay Basu         | Independent - Non-Executive            | -                           | -  | -  |
| Shri Uttam Bose          | Not Independent - Non-Executive        | 1                           | -  | -  |
| Smt. Mou Mukherjee       | Independent - Non-Executive            | -                           | -  | -  |

\* only public limited companies have been considered.

\*\* includes the membership / chairmanship only of the Audit Committee(s) and the Stakeholders Relationship Committee(s).

Shri Kranti Sinha, Shri Pradip Kumar Khaitan and Shri Gautam Dutta, ceased to be Directors of the Company with effect from 9th May, 2014, 29th May, 2014 and 25th October, 2014 respectively.

Smt. Mou Mukherjee has been appointed as an Additional Director of the Company with effect from 30th March, 2015.

Shri Uttam Bose ceased to be the Managing Director of the Company with effect from the close of business hours on 9th May, 2014 and was appointed as an Additional Director of the Company with effect from 10th May, 2014 and subsequently Shareholders of the Company appointed him Director of the Company at the Annual General Meeting held on 25th September, 2014.

None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company, except Shri Pradip Kumar Khaitan who was Director of the Company up to 28th May, 2014, is a partner of M/s Khaitan & Co./M/s. Khaitan & Co. LLP, the Company's Solicitors and Advocates. There is no inter se relationship between the Directors.

**(b) Board Meetings**

During the financial year ended 31st March, 2015, eight meetings of the Board of Directors were held on 9th May, 2014, 10th May, 2014, 5th August, 2014, 14th August, 2014, 25th September, 2014, 29th September, 2014, 11th November, 2014 and 7th February, 2015. The attendance of the Directors in these meetings was as follows :

| Name of the Directors  | Board Meetings |                                |          | Last Annual General Meeting |
|--|----------------|--------------------------------|----------|-----------------------------|
|  | Meeting Held   | Meeting held during the tenure | Attended | If Attended                 |
| Shri Pradip Kumar Khaitan<br>(ceased to be a Director w.e.f. 29-5-2014)                | 8              | 2                              | 2        | NA                          |
| Shri Kranti Sinha<br>(ceased to be a Director w.e.f. 9-5-2014)                         | 8              | NIL                            | NA       | NA                          |
| Shri A. Sankaranarayanan   | 8              | 8                              | 6        | Yes                         |
| Shri Gautam Dutta<br>(ceased to be a Director w.e.f. 25-10-2014)                       | 8              | 6                              | 4        | No                          |
| Shri Raj Kamal Johri   | 8              | 8                              | 7        | Yes                         |
| Shri Sanjay Basu   | 8              | 8                              | 7        | Yes                         |
| Shri Uttam Bose<br>(Managing Director up to 9-5-2014<br>and Director w.e.f. 10-5-2014) | 8              | 8                              | 7        | Yes                         |
| Smt. Mou Mukherjee<br>(Became a Director w.e.f. 30-3-2015)                             | 8              | NIL                            | NA       | NA                          |

**(c) Shareholding of Non-Executive Directors**

As on 31st March, 2015, number of shares held by Non-Executive Director was as follows:-

| Name of Non-Executive Director | No. of Shares held on 31st March, 2015 |
|--------------------------------|--|
| Shri A. Sankaranarayanan       | 1300                                   |

**3. Audit Committee**

- (a) The Audit Committee of Directors was constituted on 15th May, 1987. The terms of reference of the Audit Committee were amended by the Board of Directors of the Company at its meetings held on 25th January, 2000, 31st August, 2000, 29th January, 2005, 27th April, 2006 and on 9th May, 2014 and covers the matters specified for it under Clause 49 of Listing Agreement as well as in Section 177 of the Companies Act, 2013.

(b) The composition of the Audit Committee as on the date is as follows :

| Name                     | Nature of Directorship                     | Membership                     |
|--------------------------|--|--------------------------------|
| Smt. Mou Mukherjee       | Independent and Non-Executive Director     | Chairperson (w.e.f. 28-4-2015) |
| Shri A. Sankaranarayanan | Not Independent and Non-Executive Director | Member                         |
| Shri Raj Kamal Johri     | Independent and Non-Executive Director     | Member                         |
| Shri Sanjay Basu         | Independent and Non-Executive Director     | Member                         |

- Composition of the Committee is in conformity with Clause 49(III)(A) of the Listing Agreement. Three-fourths of the members of Audit Committee are Independent Directors. All the Members of Audit Committee are financially literate and one Member is having accounting or related financial management expertise.
- Shri Sanjay Basu, the then Chairman of the Audit Committee on the date of Annual General Meeting was present at the Annual General Meeting held on 25th September, 2014 to reply to shareholders' queries.
- The Audit Committee provides an overview on the reporting process of the Company's financial and accounting mechanism and ensures that disclosures in its financial statements are correct, sufficient and credible.
- The Committee reviews the efficacy of the internal control mechanism and monitors the risk management policies adopted by the Company. The Committee also reviews the report furnished by the internal auditor and statutory auditors and ensures that suitable follow up actions are taken. Besides, the Committee also examines accounting, taxation and disclosure aspects of all significant transactions.
- At the invitation of the Committee, the Chief Executive Officer, the Chief Internal Auditor, the Statutory Auditor, the Chief Financial Officer and the Company Secretary who was acting as the Secretary to the Audit Committee also attended the Audit Committee Meetings to answer and clarify the queries raised at the Committee Meetings.

(c) During the financial year ended 31st March, 2015, six Audit Committee Meetings were held on 10th May, 2014, 5th August, 2014, 14th August, 2014, 25th September, 2014, 11th November, 2014 and 7th February, 2015 and the attendance of the Audit Committee Members was as under :-

**Audit Committee Meetings**

| Name of the Audit Committee Members                           | Meeting held | Meeting held during the tenure | Attended |
|---|--------------|--------------------------------|----------|
| Shri A. Sankaranarayanan                                      | 6            | 6                              | 6        |
| Shri Gautam Dutta (ceased to be a Director w.e.f. 25-10-2014) | 6            | 4                              | 3        |
| Shri Sanjay Basu  | 6            | 6                              | 6        |
| Shri Raj Kamal Johri (nominated w.e.f. 25-9-2014)             | 6            | 2                              | 2        |

**4. Nomination and Remuneration Committee**

The Board of Directors of the Company at its meeting held on 14th March, 2003 constituted a Remuneration Committee of Directors mainly for the purpose of recommending the Company's policy on Remuneration Package for the Managing/Executive Directors, reviewing the structure, design and implementation of remuneration policy in respect of such Directors and approving, reviewing and evaluating Employees' Stock Option Plan.

The Remuneration Committee was renamed as “Nomination and Remuneration Committee” and reconstituted by the Board of Directors at its meeting held on 9th May, 2014 for the purpose of recommending the Company’s policy on remuneration package for the Directors, Key Managerial Personnel and other employees. In the said Board Meeting, a revised Role and Scope of the Committee was fixed in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Remuneration Policy is annexed as Annexure-10 to the Directors’ Report.

The composition of the Nomination and Remuneration Committee as on the date of the report is as follows:-

| Name                     | Nature of Directorship                     | Membership                 |
|--------------------------|--|----------------------------|
| Shri Sanjay Basu         | Independent and Non-Executive Director     | Chairman (w.e.f. 9-5-2014) |
| Shri A. Sankaranarayanan | Not-Independent and Non-Executive Director | Member                     |
| Shri Raj Kamal Johri     | Independent and Non-Executive Director     | Member                     |
| Smt. Mou Mukherjee       | Independent and Non-Executive Director     | Member (w.e.f. 28-4-2015)  |

All the four Directors are Non-Executive Directors and 75% are Independent and the Chairman of the Committee is also an Independent Director. The Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting to answer the Shareholders’ queries.

The Chief Financial Officer and Company Secretary acted as the Secretary of the Committee till 9th May, 2014. Thereafter, the Company Secretary acted as the Secretary of the Committee.

During the financial year ended 31st March, 2015, five Nomination and Remuneration Committee Meetings were held on 9th May, 2014, 5th August, 2014, 11th November, 2014, 7th February, 2015 and 21st March, 2015 and the attendance of the Nomination and Remuneration Committee Members was as under :-

#### Nomination and Remuneration Committee Meetings

| Name of the Nomination and Remuneration Committee Members     | Meeting held | Meeting held during the tenure | Attended |
|---|--------------|--------------------------------|----------|
| Shri A. Sankaranarayanan                                      | 5            | 5                              | 4        |
| Shri Gautam Dutta (ceased to be a Director w.e.f. 25-10-2014) | 5            | 2                              | –        |
| Shri Raj Kamal Johri  | 5            | 5                              | 5        |
| Shri Sanjay Basu  | 5            | 5                              | 5        |

In so far as the Chief Executive Officer is concerned, the Company pays remuneration by way of salary, perquisites and allowances (fixed/variable components) within the range approved by the shareholders and subsequently approved by the Central Government, if required. The ceiling on variable pay, perquisites and allowances is as fixed by the Nomination and Remuneration Committee of Directors.

#### Remuneration paid to Directors during the financial year ended 31st March, 2015

##### Non-Executive Directors

(Amount in ₹)

| Name  | Sitting fees for attending Committee and Board Meetings |
|---|---|
| Shri Pradip Kumar Khaitan (ceased to be a Director w.e.f. 29-5-2014)    | 20,000  |
| Shri A. Sankaranarayanan  | 1,80,000  |
| Shri Gautam Dutta (nomination withdrawn by IDBI Bank Ltd.on 25-10-2014) | 70,000  |
| Shri Raj Kamal Johri  | 1,70,000  |
| Shri Sanjay Basu  | 1,90,000  |
| Shri Uttam Bose (appointed w.e.f. 10-5-2014)                            | 80,000  |

| <b>Remuneration of Executive Director</b> | <i>(Amount in ₹)</i>   |
|---|--|
|   | Shri Uttam Bose, Managing Director<br>(1-4-2014 to 9-5-2014) |
| Salary* and allowances                    | 19,45,806  |
| Benefits                                  | 11,11,740  |
| Bonuses                                   | 25,00,000  |
| Stock Option                              | –  |
| Contribution to :-                        |  |
| (i) Superannuation Fund                   | –  |
| (ii) Provident Fund                       | 89,806   |
| <b>Total</b>                              | <b>56,47,352</b>   |

\* does not include Contribution to Gratuity Fund.

Notes:

- a) Apart from making payment of sitting fee for attending the Board/Committee meetings and defraying expenses for attending such meetings and other travelling expenses incurred wholly and exclusively in attending to Company's work, no remuneration in any form is paid to Non-Executive Directors.
- b) M/s Khaitan & Co./M/s. Khaitan & Co. LLP, Solicitors and Advocates of the Company of which Shri Pradip Kumar Khaitan (Director till 28-5-2014) is a Partner renders professional services to the Company upon receipt of fee.
- c) The employment of the Managing Director (till 9-5-2014) and Chief Executive Officer (w.e.f. 10-5-2014) is contractual in nature and is terminable by either side with a notice period of three months or Company paying three months salary (basic) in lieu of such notice.

#### 5. Stakeholders Relationship Committee

The Board of Directors at its meeting held on 9th May, 2014 renamed the Shareholders'/Investors' Grievances Committee as Stakeholders Relationship Committee.

The present composition of the Stakeholders Relationship Committee as on the date of the report is as follows:

| <b>Name</b>                            | <b>Nature of Directorship</b>              | <b>Membership</b> |
|--|--|-------------------|
| Shri A. Sankaranarayanan               | Not-Independent and Non-Executive Director | Chairman          |
| Shri Raj Kamal Johri (w.e.f. 5-8-2014) | Independent and Non-Executive Director     | Member            |
| Shri Uttam Bose                        | Not-Independent and Non-Executive Director | Member            |

Shri Tarun Kumar Kabra, Company Secretary is designated as the Compliance Officer since 10th May, 2014.

The Committee oversees the performance of Karvy Computershare Pvt. Limited, the Registrar and Share Transfer Agents of the Company and recommends measures to improve the level of investor related services. Though the powers to approve share transfer/share transmission are delegated to the Registrar and Share Transfer Agents, all the share transfer/transmission cases approved by the Registrar are reported to the Committee which also keeps a close watch on disposal status of all complaints/grievances of shareholders. During the period under review, 63 complaints were received by the Company/Registrar and Share Transfer Agents from shareholders and/or through regulatory bodies. All these complaints have been redressed during the period under review. There was no share transfer application pending for registration as on 31st March, 2015.

During the financial year ended 31st March, 2015, two Stakeholders Relationship Committee meetings were held on 11th November, 2014 and 7th February, 2015. The attendance of the Members was as under:-

**Stakeholders Relationship Committee**

| Name of the Members                                 | Meeting held | Meeting held during the tenure | Attended |
|---|--------------|--------------------------------|----------|
| Shri A. Sankaranarayanan                            | 2            | 2                              | 2        |
| Shri Uttam Bose                                     | 2            | 2                              | 2        |
| Shri Raj Kamal Johri (Became Member since 5-8-2014) | 2            | 2                              | 2        |

**Complaints received during the financial year ended 31st March, 2015 by the Company and the Registrar and Share Transfer Agents of the Company**

| Nature of Complaints                     | No. of Complaints |             |
|--|-------------------|-------------|
|  | Received          | Attended to |
| Non-receipt of Dividend Warrants         | 20                | 20          |
| Non-receipt of Securities                | 28                | 28          |
| Non-receipt of Securities after transfer | 2                 | 2           |
| Non-receipt of Stickers                  | 2                 | 2           |
| Non-receipt of Annual Report             | 11                | 11          |
|  | <b>63</b>         | <b>63</b>   |

**6. Corporate Risk Management Committee**

The Board of Directors of the Company at its meeting held on 28th July, 2006 had constituted a committee known as Corporate Risk Management Committee comprising of the Managing Director and six officers to ensure that risks as identified in the risk assessment and minimization policy of the Company are controlled through a properly defined framework. The said Committee was reconstituted and role and responsibilities have been redefined by the Board of Directors at its meeting held on 25th September, 2014. The said Committee was once again reconstituted by the Board of Directors at its meeting held on 7th February, 2015. The terms of reference of Corporate Risk Management Committee inter alia includes as follows :-

- (a) To continuously identify and prioritize the risks associated with the functioning of the Company;
- (b) To identify risk exposure and adequately monitor and manage the same;
- (c) To develop a well laid down mitigation plan for identified risks with assigned responsibilities to different identified officers;
- (d) To review the efficacy of implementation of mitigation plans;
- (e) To develop an audit mechanism to verify compliance with mitigation plans as a supplement to self-assessment;
- (f) To report to the Board of Directors periodically the followings :-
  - i) An overview of the risk management process;
  - ii) Key observations on the implementation of mitigation plan including deficiencies noticed and corrective actions to be taken;
  - iii) New risks identified and actions taken in relation thereto.

During the period under review, three meetings of such Committee were held on 25th April, 2014, 6th August, 2014 and 6th February, 2015 and the attendance of the Corporate Risk Management Committee Members was as under:-

| Name of the Corporate Risk Management Committee Members | Meeting held | Meeting held during the tenure | Attended |
|---|--------------|--------------------------------|----------|
| Shri Uttam Bose - Chairman                              | 3            | 3                              | 2        |
| Shri Yogesh Goenka (till 09-05-2014)                    | 3            | 1                              | 1        |
| Shri Moloy Choudhury                                    | 3            | 3                              | 3        |
| Shri Aniruddha Sarkar (from 06-08-2014 till 30-10-2014) | 3            | 1                              | 1        |
| Shri Raj Kamal Johri (w.e.f. 25-09-2014)                | 3            | 1                              | 1        |
| Shri Sanjay Basu (w.e.f. 25-09-2014)                    | 3            | 1                              | 1        |
| Shri Bhikam Chand Mishra (w.e.f. 07-02-2015)            | NA           | NA                             | NA       |

Chief Internal Auditor of the Company acted as Secretary of the Committee.

#### 7. Meeting of Independent Directors

During the financial year ended 31st March, 2015, the Independent Directors met on 31st December, 2014, inter alia, to:

- Review the performance of Non-Independent Directors and the Board of Directors as a whole;
- Review the performance of the Chairman of the meetings of Board of Directors of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

#### 8. General Body Meetings

| Nature of the General Meetings held in the last three years | Date                 | Venue  | If Special Resolution(s) passed |
|---|----------------------|--|---------------------------------|
| Annual General Meeting                                      | 25th September, 2014 | Rotary Sadan<br>94/2, Chowringhee Road<br>Kolkata-700020               | Yes                             |
| Annual General Meeting                                      | 26th December, 2013  | Kolkata Ice Skating Rink<br>78, Syed Amir Ali Avenue<br>Kolkata-700019 | No                              |
| Court Convened Meeting                                      | 23rd September, 2013 | -do-   | Yes                             |
| Annual General Meeting                                      | 13th August, 2012    | -do-   | Yes                             |
| Extraordinary General Meeting                               | 7th March, 2012      | -do-   | Yes                             |

#### Postal Ballot

During the period under review, no resolution was passed through postal ballot in connection with Section 110 of the Companies Act, 2013.



## 9. Disclosures

Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

There were no cases of non-compliance, no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years except as follows:-

The Company had to postpone the declaration of its Audited Financial Results for the financial year 2013-14 (for six month period 1st October, 2013 to 31st March, 2014) in view of the suspension of work at its Uttarpara Plant with effect from 24th May, 2014 since the Company's books of accounts are kept at its Uttarpara Plant. Consequently, the Board Meeting scheduled on 30th May, 2014 for approval of the said Audited Financial Results was postponed and appropriately communicated to the Stock Exchanges. Thereafter, the Audited Financial Results for the said financial year 2013-14 were declared on 5th August, 2014. In view of the said delay in declaring the Audited Financial Results for the financial year 2013-14 under compelling circumstances, Stock Exchanges have levied fine on the Company pursuant to SEBI circular no. CIR/MRD/DSA/31/2013 dated September 30, 2013. The Company has represented before the Stock Exchanges not to impose fine as the situation was beyond the control of the Company. The Company is awaiting the response of the Stock Exchanges.

No personnel has been denied access to the Audit Committee in respect of Whistle Blower Policy and affirmation.

The details of familiarization programme for Independent Directors has been disclosed on the website of the Company [www.hindmotor.com](http://www.hindmotor.com) and web link thereto is <http://www.hindmotor.com/files/Familiarisation-Programme-for-Independent-Directors.pdf>.

The Company has formulated a policy on materiality of related party transaction and also on dealing with related party transaction and the same has been disclosed on the website of the Company [www.hindmotor.com](http://www.hindmotor.com) and web link thereto is <http://www.hindmotor.com/files/Hindustan-Motors-Ltd-Related-Party-Policy.pdf>

The Company complied with all the mandatory requirements and some of the non-mandatory requirements of Clause 49 of Listing Agreement during the period ended 31st March, 2015.

## 10. Means of Communication

| Subject  | Details  |
|--|--|
| Quarterly results  | Published in the newspapers in terms of Clause 41 of the Listing Agreement.  |
| Newspapers wherein results normally published  | The Financial Express / Business Standard - Kolkata and Mumbai<br>Dainik Statesman - Kolkata (Bengali Version) - Kolkata Edition |
| Any website, where displayed   | <a href="http://www.hindmotor.com">www.hindmotor.com</a>   |
| Whether it also displays official news released and presentations made to Institutional Investors/Analysts | Yes  |
| Whether MD&A is a part of Annual Report  | Yes. The same is as per Annexure 1 to the Directors' Report.   |



**11. General Shareholder Information**

|  |  |
|--|--|
| Annual General Meeting   |  |
| Date & time  | 14th August, 2015 at 11 a.m.   |
| Venue  | Rotary Sadan<br>Rotary Children's Welfare Trust<br>94/2, Chowringhee Road<br>Kolkata - 700 020   |
| Financial Calendar for F.Y. 2014-15<br>(1st April, 2014 to 31st March, 2015) | a. 1st Quarterly Results - On or before 14th August, 2015  |
|  | b. 2nd Quarterly Results - On or before 14th November, 2015  |
|  | c. 3rd Quarterly Results - On or before 14th February, 2016  |
|  | d. Annual Audited Results - On or before 30th May, 2016  |
| Date of Book closure   | 7th August, 2015 to 14th August, 2015 (both days inclusive)  |
| Dividend Payment   | In view of the deficit in the Statement of Profit and Loss after taking into account the results for the year under review, there did not arise any occasion for the Board of Directors to consider recommending any dividend on the equity shares of the Company. |
| Listing on Stock Exchanges   | National Stock Exchange of India Limited<br>"Exchange Plaza", Plot No. C/1, G-Block<br>Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051<br>Tel : 91-22-2659 8235/36<br>Fax : 91-22-2659 8237/38  |
|  | BSE Limited<br>Floor 25, Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai - 400 001<br>Tel : 91-22-2272 1233/1234<br>Fax : 91-22-2272 1003  |
| Stock Code   | National Stock Exchange of India Ltd. HINDMOTORS<br>BSE Ltd. 500500  |
| ISIN Number  | INE253A01025   |

**Market Price Data**

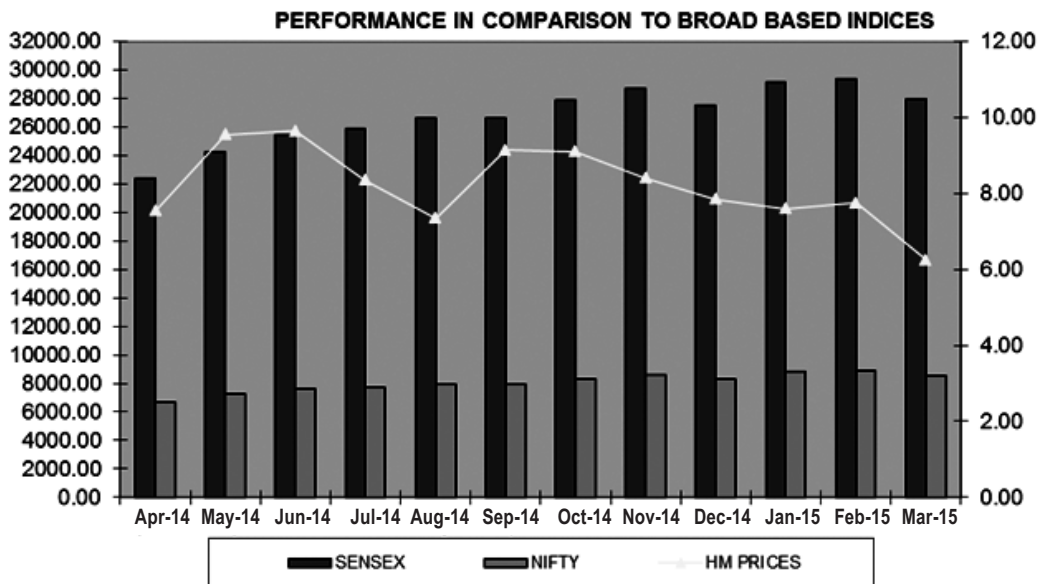
The Company's shares are listed on National Stock Exchange of India Limited and BSE Limited. The monthly high and low quotations of shares traded during the financial year ended 31st March, 2015 are as below :

(Amount in ₹)

| Month            | NSE   |      | BSE   |      |
|------------------|-------|------|-------|------|
|                  | High  | Low  | High  | Low  |
| April - 2014     | 8.60  | 7.30 | 8.65  | 7.24 |
| May - 2014       | 13.50 | 7.35 | 13.30 | 7.30 |
| June - 2014      | 10.90 | 8.85 | 10.94 | 9.00 |
| July - 2014      | 10.70 | 8.25 | 10.62 | 8.26 |
| August - 2014    | 8.85  | 7.25 | 8.90  | 7.11 |
| September - 2014 | 11.80 | 7.25 | 11.80 | 7.26 |
| October - 2014   | 10.35 | 8.70 | 10.28 | 8.40 |
| November - 2014  | 9.85  | 8.10 | 9.90  | 8.27 |
| December - 2014  | 9.10  | 7.05 | 9.06  | 7.00 |
| January - 2015   | 8.40  | 7.45 | 8.39  | 7.51 |
| February - 2015  | 8.70  | 7.00 | 8.80  | 7.00 |
| March - 2015     | 8.25  | 6.00 | 7.97  | 6.00 |

HM's share price movement in comparison to broad-based indices

A graphical presentation is as follows :



**The Registrar and Share Transfer Agents of the Company**

Karvy Computershare Pvt. Limited  
 Plot No 31-32, Karvy Selenium, Tower B, Gachibowli  
 Financial District, Nanakramguda, Hyderabad - 500 032  
 Phone : (040) 6716 1500  
 Fax : (040) 2342 0814  
 E-mail : einward.ris@karvy.com/suresh.d@karvy.com  
 Kolkata Office: (033) 6619 2841, 6619 2842

**Share Transfer System**

Shares sent for physical transfer, if the documents are clear in all respects, are generally registered within an average time period of not more than 7 days from the date of receipt of the request. The Authorized Officers of the Registrar and Share Transfer Agents meet as often as required. During the year ended 31st March, 2015, 11914 shares in physical form were transferred and the transfer process was completed within an average time period of not more than 7 days from the date of lodgement unless notices were required to be sent to the Registered Owners in certain identified categories of cases.

**The Distribution of Shareholding as on 31st March, 2015**

| No. of Shares   | Shareholders  |                | Shares           |                |
|-----------------|---------------|----------------|------------------|----------------|
|                 | Numbers       | %              | Numbers          | %              |
| 1 - 500         | 104848        | 80.95%         | 18279837         | 8.76%          |
| 501 - 1000      | 12663         | 9.78%          | 10784158         | 5.17%          |
| 1001 - 2000     | 5964          | 4.60%          | 9352839          | 4.48%          |
| 2001 - 3000     | 1974          | 1.52%          | 5115899          | 2.45%          |
| 3001 - 4000     | 842           | 0.65%          | 3055824          | 1.46%          |
| 4001 - 5000     | 925           | 0.71%          | 4453430          | 2.14%          |
| 5001 - 10000    | 1241          | 0.96%          | 9391482          | 4.50%          |
| 10001 - 20000   | 564           | 0.44%          | 8116045          | 3.89%          |
| 20001 and Above | 501           | 0.39%          | 140109779        | 67.15%         |
| <b>TOTAL</b>    | <b>129522</b> | <b>100.00%</b> | <b>208659293</b> | <b>100.00%</b> |

**Category of Shareholders as on 31st March, 2015**

| Sl. No. | Category   | No. of holders | % of holders  | No. of Shares    | % of Shareholding |
|---------|--|----------------|---------------|------------------|-------------------|
| 1.      | Promoters  | 18             | 0.01          | 67473254         | 32.34             |
| 2.      | Mutual Funds/UTI                                   | 16             | 0.01          | 66450            | 0.03              |
| 3.      | Financial Institutions/ Banks/ Insurance Companies | 70             | 0.05          | 29980122         | 14.37             |
| 4.      | Foreign Institutional Investors                    | 11             | 0.01          | 41517            | 0.02              |
| 5.      | Private Corporate Bodies                           | 1603           | 1.24          | 15739368         | 7.54              |
| 6.      | Resident Individuals                               | 126168         | 97.42         | 92714669         | 44.44             |
| 7.      | NRIs & OCBs  | 1552           | 1.20          | 1385709          | 0.66              |
| 8.      | Clearing Members                                   | 69             | 0.05          | 230279           | 0.11              |
| 9.      | Trusts   | 14             | 0.01          | 60076            | 0.03              |
| 10.     | Unclaimed Suspense Account                         | 1              | 0.00          | 967849           | 0.46              |
|         | <b>TOTAL</b>                                       | <b>129522</b>  | <b>100.00</b> | <b>208659293</b> | <b>100.00</b>     |

**Disclosure of Unclaimed Suspense Account as required under Clause 5A of the Listing Agreement**

| Sl. No. | Particulars   | Number of shareholders | Number of shares |
|---------|---|------------------------|------------------|
| i)      | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2014   | 5644                   | 970273           |
| ii)     | Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year | 20                     | 2424             |
| iii)    | Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year                  | 20                     | 2424             |
| iv)     | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2015  | 5624                   | 967849           |

**Dematerialisation of Equity Shares and Liquidity**

During the financial year ended 31st March, 2015, the Company has allotted 2,38,87,300 Equity Shares in dematerialised form on private placement basis and thereby the paid up equity share capital of the Company has been increased to 104.33 crores.

The Company's shares are currently traded only in dematerialised form at two stock exchanges viz. National Stock Exchange of India Limited and BSE Limited. To facilitate trading in dematerialised form, the Company has tied up arrangements with both the present depositories, i.e. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders can open account with any of the depository-participants registered with any of these depositories. As on 31st March, 2015, about 96.68% of the Company's shares were held in dematerialised form.

As on 31st March, 2015, 11800000 Equity Shares of the Company held by Promoters/Promoter Group companies are under lock-in period.

**Plant Locations (Manufacturing Units)**

| Address  | Items produced   |
|--|--|
| 1. Uttarpara Division (UTP)<br>Hindmotor - 712 233<br>District - Hooghly, West Bengal            | Ambassador, Mini Truck - Winner, Auto Components namely Forgings, Castings, Stampings and Spare parts. (Plant is under suspension of work w.e.f. 24th May, 2014) |
| 2. Pithampur Plant<br>Pithampur, Sector III, Sagore - 454 774<br>District - Dhar, Madhya Pradesh | Mini Truck - Winner and Spare parts. (Plant is under lay off w.e.f. 4th December, 2014)  |

**CEO Declaration on Code of Conduct**

Reproduced is the text of the declaration made by the Chief Executive Officer confirming compliance of Code of Business Conduct and Ethics by all Directors and Senior Management Executives :-

May 25, 2015

The Board of Directors  
Hindustan Motors Limited  
"Birla Building", 14th Floor  
9/1, R. N. Mukherjee Road  
Kolkata - 700 001

Dear Sir,

I hereby confirm and declare that all the Directors of the Company and all Senior Management Executives as defined in the Code of Business Conduct and Ethics of the Company have submitted annual declarations confirming their compliance of the same.

Thanking you

Yours faithfully

For **Hindustan Motors Limited**

Sd/-

**Moloy Chowdhury**

Chief Executive Officer

**Address for Correspondence :**

- For matters related to shares :
  - Karvy Computershare Pvt. Limited
  - Plot No 31-32, Karvy Selenium, Tower B, Gachibowli
  - Financial District, Nanakramguda, Hyderabad - 500 032
  - Phone : (040) 6716 1500
  - Fax : (040) 2342 0814
  - E-mail : einward.ris@karvy.com/suresh.d@karvy.com
- For queries/assistance on issues other than shares (including those related to financial statements) :
  - Shri Tarun Kumar Kabra
  - Company Secretary
  - Hindustan Motors Ltd
  - "Birla Building", 14th Floor
  - 9/1, R. N. Mukherjee Road, Kolkata - 700 001
  - Telephone No : (033) 2242-0932, Fax No. (033) 2248-0055
  - E-mail : hmcosecy@hindmotor.com
- For share transfer/transmission requests
  - Any of the local branches of Karvy Computershare Pvt. Ltd., a list of which can be available from Karvy's aforesaid address or from the office of the Company Secretary.

**Details of Directors seeking reappointment at the ensuing Annual General Meeting :**

|   |  |  |
|---|--|--|
| Name of Director  | Shri A. Sankaranarayanan   | Smt. Mou Mukherjee   |
| Date of birth   | 29th July, 1942  | 9th June, 1968   |
| Date of appointment   | 8th January, 1997  | 30th March, 2015   |
| Qualification   | B.E. (Mech)  | Chartered Accountant, MBA (IIFT)   |
| Nature of expertise in specific functional areas  | As an Engineer of high caliber he has expertise in developing and introducing new products, updating existing product range and mix in achieving import substitutions and strengthening the In-house R&D activities. | A professional having wide experience in the field of Finance, Accounts, Taxation, Administration, strategic business development and foreign trade. |
| Names of directorship in other companies (only public limited companies have been considered) | 1 Birlasoft (India) Ltd.<br>2 Neosym Industry Limited<br>3 AVTEC Ltd.  | -  |
| Names of committees of other companies in which the director is a member.                     | 1 Audit Committee of AVTEC Ltd.<br>2 Audit Committee of Birlasoft (India) Ltd.   | -  |
| No. of shares held in the Company   | 1300   | -  |
| Relationships with other Directors  | No   | No   |

The above report was placed before and approved by the Board at its Meeting held on 25th May, 2015.

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
Director

**A. Sankaranarayanan**  
Director

## Auditor's Certificate

To  
The Members of  
**Hindustan Motors Limited**

We have examined the compliance of conditions of Corporate Governance by Hindustan Motors Limited for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **RAY & RAY**  
*Chartered Accountants*  
ICAI Firm Registration Number : 301072E

**Asish Kumar Mukhopadhyay**  
*Partner*

Membership No.: 056359

Place : Kolkata  
Date : 25th May, 2015