



Hindustan Motors Limited

Annual Report
&
Accounts 2015-2016

HINDUSTAN MOTORS LIMITED

ANNUAL REPORT

Year Ended March 31, 2016

Board of Directors

Shri A. Sankaranarayanan
Shri Sanjay Basu (up to 16-9-2015)
Shri Raj Kamal Johri
Shri Uttam Bose
Smt. Mou Mukherjee

Chief Executive Officer

Shri Moloy Chowdhury (up to 15-6-2015)
Shri Ajay Kumar Bansal (w.e.f. 2-11-2015 to 13-5-2016)

Chief Financial Officer

Shri Bhikam Chand Mishra

Company Secretary

Shri Tarun Kumar Kabra (up to 31-12-2015)
Ms. Sanu Agarwal (w.e.f 25-5-2016)

Bankers

UCO Bank
Bank of India
Bank of Baroda

Statutory Auditors

Messrs. Ray & Ray
Chartered Accountants

Share Transfer Agents

Karvy Computershare Private Limited
Plot 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 2841-42

Registered Office

'Birla Building', 14th Floor
9/1, Rajendra Nath Mukherjee Road
Kolkata 700 001
Tel: +91 33 2242 0932/3057 3700/3041 0900
Fax: +91 33 2248 0055
E-mail: hmcosecy@hindmotor.com
Website:www.hindmotor.com

CIN : L34103WB1942PLC018967

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Notice to the Members

NOTICE is hereby given that the Seventy-fourth Annual General Meeting of the Members of HINDUSTAN MOTORS LIMITED will be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700020, on Wednesday, the 21st September, 2016 at 11.00 AM to transact the following business:-

AS ORDINARY BUSINESS :

- (1) To receive, consider and adopt:-
 - (a) the Audited Standalone Financial Statements of the Company together with the Directors' Report as also the Auditors' Report thereon for the financial year ended 31st March, 2016; and
 - (b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2016 and the Report of the Auditors thereon.
- (2) To appoint a Director in place of Shri Uttam Bose (DIN-02340000) who retires by rotation and being eligible offers himself for re-appointment.
- (3) To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**, relating to ratification of appointment of the Auditors of the Company :

"RESOLVED THAT pursuant to provisions of Section 139 of the Companies Act, 2013 and Rules made thereunder, the appointment of Messrs. Ray & Ray, Chartered Accountants (Registration No. 301072E), as Auditors of the Company approved in the seventy-second Annual General Meeting (AGM) held on 25th September, 2014 till the conclusion of seventy-seventh AGM be and is hereby ratified to hold office from the conclusion of the seventy-fourth AGM till the conclusion of seventy-fifth AGM and that Board of Directors of the Company be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with auditors and that such remuneration may be paid on progressive billing basis to be agreed upon between the Auditors and the Board of Directors."

AS SPECIAL BUSINESS:

- (4) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act, 2013, members requesting for any document through post or by registered post or by speed post or by courier will be required to pay a fee of ₹ 50/- in advance for delivery of each document."

Registered Office :
'Birla Building', 14th Floor
9/1, Rajendra Nath Mukherjee Road
Kolkata 700 001
Dated, 1st June, 2016

By Order of the Board
For HINDUSTAN MOTORS LTD.

Sanu Agarwal
Company Secretary

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

A person can act as a proxy on behalf of members not exceeding fifty and 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 person or member.

2. Information about the Director proposed to be reappointed as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends the re-appointment of such Director.
3. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
5. Members who have shareholdings in multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrar and Share Transfer Agents, Karvy Computershare Pvt. Limited at Plot 31-32, Karvy Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 for consolidation of all such shareholdings into one account to facilitate better service.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 14th September, 2016 to Wednesday, the 21st September, 2016 (both days inclusive).
7. (a) Members are requested to notify change of address, if any, with PINCODE to the Company or to its Registrar and Share Transfer Agents quoting reference of their folio number and in case their Shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.
(b) In case the mailing address mentioned in this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
8. A member desirous of getting any information on the accounts or operations of the Company or share related matter is requested to forward his/her query(ies) to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
9. Individual members can now take the facility of making nomination of their holding. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of Shares shall vest in the event of the death of the member and the joint-holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the nomination form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu undivided family, holder of Power of Attorney cannot nominate. For further details in this regard members may contact Karvy Computershare Pvt. Limited, Hyderabad, the Registrar and Share Transfer Agents of the Company.
10. In all correspondence with the Company or with its Registrar and Share Transfer Agents, members are requested to quote their folio number and in case their Shares are held in the dematerialised form, they must quote their Client ID and their DP ID Numbers.
11. The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialised at the earliest.
12. Securities and Exchange Board of India has made it mandatory for every participant in the securities/capital market to furnish income tax Permanent Account Number (PAN). Accordingly, all the members (including joint holders)

holding shares in physical form are requested to submit copy of their PAN Card duly attested by the Notary Public/Gazetted Officer/Bank Manager under their official seal stating their full name and address, registration number to the Registrar and Share Transfer Agents, Karvy Computershare Pvt. Limited.

13. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its members through electronic mode to the registered e-mail addresses of members. Keeping in view the underlying theme and the circular issued by MCA, the Company proposes to send all documents to members like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc. to the members through e-mail. Members holding shares in dematerialized form are requested to register their e-mail ID with their Depository Participants and members holding shares in physical form are requested to register their e-mail ID with Registrar and Share Transfer Agents of the Company i.e., Karvy Computershare Pvt. Limited, Plot 31-32, Karvy Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 for sending documents through e-mail.
14. The Notice of the 74th AGM and instruction for e-voting, along with the Attendance Slip and Proxy Form, is being sent by electronic mode to all the members whose e-mail addresses are registered with the Company/Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the Annual Report 2015-2016 are being sent by permitted mode.
15. Members may also note that the Notice of the 74th AGM and the Annual report 2015-2016 will be available on the Company's website, **www.hindmotor.com**.
16. The Securities and Exchange Board of India (SEBI) vide its Circular dated 21st March, 2013 has provided that companies making cash payments to their investors shall use approved electronic mode of payment such as ECS, NECS, NEFT etc. To enable usage of electronic payment instruments, companies are required to maintain requisite bank details of their investors. Therefore, members of the Company who hold shares in physical form are requested to submit the following information under their signatures to Registrar and Share Transfer Agents of the Company i.e., Karvy Computershare Pvt. Limited for registering bank details if not already registered earlier:-
 - a) Name of the sole/first joint-holder
 - b) Folio number
 - c) Name of the Bank
 - d) Address of the Bank branch with Pin code
 - e) Bank Account No.
 - f) Type of Bank account whether saving or current
 - g) MICR Code and
 - h) IFSC Code
17. All relevant documents referred in the Notice and Statement will be available for inspection by the members at the Registered Office of the Company between 10 AM and 12 Noon on any working day of the Company up to the date of the meeting.
18. **Information and other instructions relating to e-voting are as under:**
 - (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The

members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

- (ii) The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 74th AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the AGM but shall not be entitled to cast their vote again at the AGM.

The Company has appointed Shri Anjan Kumar Roy, FCS, a Company Secretary in practice as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

- (iii) The Company has engaged the services of Karvy Computershare Pvt. Limited ("Karvy") as the Agency to provide e-voting facility.
- (iv) **Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 14, 2016.**
- (v) **A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 14, 2016 only shall be entitled to avail the facility of remote e-voting/voting at the meeting.**
- (vi) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 14, 2016, may obtain the User ID and password in the manner as mentioned below:

- a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: **MYEPWD** <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL :

MYEPWD <SPACE> 1402345612345678

Example for Physical :

MYEPWD <SPACE> XXXX1234567890

- b) If e-mail address or mobile number of the member is registered against Folio No. /DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c) Member may call Karvy's toll free number 1-800-3454-001
- d) Member may send an e-mail request to evoting@karvy.com or suresh.d@karvy.com

If the member is already registered with Karvy e-voting platform, he/she can use his/her existing User ID and password for casting the vote through remote e-voting.

- (vii) The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on Saturday the 17th September, 2016

End of remote e-voting: Up to 5.00 p.m. (IST) on Tuesday, the 20th September, 2016

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

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- (viii) The Scrutinizer shall unblock the data of the remote e-voting after the voting on all the resolutions at the venue of the AGM is completed. The Scrutinizer, after scrutinising the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman of the meeting or any officer authorized by the Chairman in this regard. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.hindmotor.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- (ix) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 21, 2016.
- (x) **Instructions and other information relating to remote e-voting:**
- A. **In case a member receives an e-mail from Karvy** [for members whose e-mail addresses are registered with the Company/ Depository Participant(s)]:
- (a) Launch internet browser by typing the URL:<https://evoting.karvy.com>
 - (b) Enter the login credentials (i.e. User ID and password) which will be sent separately. The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - (c) After entering these details appropriately, click on "LOGIN".
 - (d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
 - (e) You need to login again with the new credentials.
 - (f) On successful login, the system will prompt you to select the E-Voting Event Number for Hindustan Motors Limited.
 - (g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
 - (h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios /demat accounts.
 - (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - (j) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - (k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
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- (l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID:anjankumarroyco@hotmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
 - B. **In case a member receives physical copy of the Notice by Post** [for members whose e-mail addresses are not registered with the Company/Depository Participant(s)]:
 - a) User ID and initial password - These will be sent separately.
 - b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.
 - C. **Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.**
 - D. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.
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Annexure to the Notice

Explanatory Statement

The following Explanatory Statement relating to Special Business at item No. 4 of the accompanying Notice sets out all material facts as required under Section 102 of the Companies Act, 2013 ("the Act").

Item No. 4 :

The Company has received a letter in writing from a member requesting the Company to send all documents, notices, Annual Reports, Correspondence only by speed post for which expenses will be borne by him. A letter from National Stock Exchange forwarding the request of the shareholder regarding the same was also received by the Company.

In terms of provisions of Section 20 of the Companies Act, 2013 a member may request for delivery of any document through a particular mode, for which he/she shall pay fees as may be determined by the Company in its annual general meeting.

The Board members recommend the Ordinary Resolution as set out in the Item No. 4 of the accompanying Notice for approval of the shareholders.

Directors' Report to the Members

Your Directors present their seventy-fourth Annual Report together with audited financial statements of the Company for the year ended March 31, 2016.

Financial Results/Performance

The figures for the year under review is not comparable with the previous financial year 2014-15 due to the fact that during the financial year 2014-15 the Uttarpara Plant was under suspension of work since 24th May, 2014 and the Plant was under operation only from 1st April, 2014 to 23rd May, 2014 and for the financial year 2015-16, the Uttarpara Plant was under suspension of work for the whole year.

During the year under review, the Company's revenue was ₹ 0.87 Crores compared to ₹ 16.95 Crores in the previous financial year. The following table gives a summary of the performance.

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Gross Revenue from Operations	0.87	16.95	0.87	16.95
Net Revenue from Operations	0.81	15.10	0.81	15.10
Profit/(Loss) before Exceptional items and Tax	(32.04)	(41.90)	(31.66)	(41.90)
Exceptional items (Income)		-		-
Profit / (Loss) before Tax	(32.04)	(41.90)	(31.66)	(41.90)
Tax Expenses		-		-
Profit / (Loss) For the Period	(32.04)	(41.90)	(31.66)	(41.90)

Standalone

The revenue account shows a loss of ₹ 32.04 Crores after providing ₹ 1.89 Crores for depreciation & amortisation expense. There is a deficit of ₹ 233.05 Crores as at the end of the current year as against ₹ 201.00 Crores in the last year.

The losses during this year includes expenses incurred towards voluntary retirement scheme opted by 645 employees and provision for diminishing in the carrying value of inventories post declaration of suspension of work at Uttarpara Plant and layoff at Pithampur Plant.

Consolidated

The revenue account shows a loss of ₹ 31.66 Crores after providing ₹ 1.89 Crores for depreciation & amortisation expense. There is a deficit of ₹ 232.86 Crores as at the end of the current year as against ₹ 201.19 Crores in the last year.

The losses during this year includes expenses incurred towards voluntary retirement scheme opted by 645 employees and provision for diminishing in the carrying value of inventories post declaration of suspension of work at Uttarpara Plant and layoff at Pithampur Plant.

Review of Operations

As reported earlier that due to low productivity, growing indiscipline, shortage of funds and lack of demand for products, the Company was compelled to declare "Suspension of work" at its Uttarpara Plant with effect from 24th May, 2014 and the suspension of work is continuing due to no change in the situation. The lay off in Company's Pithampur Plant with effect from 4th December, 2014 due to lack of orders is also continuing.

No material changes or commitments or any significant and material adverse orders or rulings passed by the regulators or Courts or Tribunals impacting the going concern status and Company's operations in future have occurred between end of the financial year of the company and date of this report.

There has also been no change during the period under review in the nature of business of the Company or its subsidiary. Steps are being taken to close the business of Company's subsidiary in USA subject to necessary compliances and approvals.

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

A detailed Management Discussion & Analysis Report forms part of this report is annexed as **Annexure-1**.

Outlook for 2016-17

The suspension of work at Company's Uttarpara Plant and lay off at Company's Pithampur Plant are continuing as it is unviable to operate the two plants under present business conditions.

In an effort to revive operations, the Company has been engaged in scouting for tie-ups with potential investors/strategic partners who can introduce newer product portfolios in the market and infuse capital into the Company.

The Company has started process of rationalising the cost post suspension of work at Uttarpara plant and in the process, has provided Voluntary retirement to employees. It has reduced the fixed cost including employee cost considerably and continuously working on further reducing its fixed cost.

The Company is in the process of selling identified assets subject to necessary approvals to improve net worth as well as immediate cash generation to meet its financial obligations.

Board for Industrial and Financial Reconstruction

As the accumulated losses of the Company at the end of financial year ended on 30 September, 2013 exceeded its entire net worth, the Company has made reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985. The reference has been registered by BIFR and proceedings are going on.

Particulars of Loans, Guarantees or Investments

There are no Loans, Guarantees and Investments made under the provisions of Section 186 of the Companies Act, 2013 during the year under review. Details of Loans, Guarantees and Investments as at the year end are given in the notes to the Financial Statements.

Related Party Transactions

There are no contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013. The details of other transactions entered into with the Related Parties are given in the Note -37 to the Financial Statements.

Deposits

Your Company has not accepted any deposit within the meaning of Section 73 of the Companies Act, 2013 and the Rules made thereunder and therefore, no amount of principal or interest was outstanding as on the date of Balance Sheet.

Debentures

On 29th September, 2014, the Company allotted 20,53,00,000 - 10.25% Secured Non-Convertible Debentures of ₹ 1 each to Lenders (Banks/Financial Institutions). The said Debentures are redeemable in three equal annual instalments along with interest starting from September 29, 2015. The Company is in the process of making such payment.

Corporate Social Responsibility Initiatives

In view of the continuing losses, the Company is not in a position to make any expenditure under Corporate Social Responsibility as per the provisions of Companies Act, 2013.

Risks and Concerns and its Management

The Company is exposed to have some internal risks to generate liquidity to meet the existing liability of the Company and day to day activities as the Uttarpara Plant of the Company is still under suspension of work and Pithampur Plant of the Company is still under layoff.

In order to identify and mitigate risks, the Company has constituted a Corporate Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Company has a Corporate Risk Management Charter to identify the nature and magnitude of risk associated with the Company and to take steps for mitigating the impact of such risks. The Corporate Risk Management Committee continuously identify and prioritize the risks associated with the functioning of the Company, lays down mitigation plan for identified risks with assigning responsibilities and adequately monitoring and managing the same. These are reviewed periodically and placed before the Board.

Industrial Relations

As reported earlier, the Company has declared "Suspension of Work" at its Uttarpara Plant in Hooghly District of West Bengal with effect from 24th May, 2014. During the year, 645 nos. of employees opted Voluntary Retirement Scheme (VRS) by giving a lump sum amount on such early retirement. At Pithampur Plant, the eight staff and technician grade employees have been laid off with effect from 4th December, 2014. The general industrial relation at both the plants is very sensitive but being managed. The number of employees as on 31st March, 2016 is 677.

Extract of Annual Return

The extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure-2**.

Meetings of the Board and Audit Committee

During the year, four Board Meetings and four Audit Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The Audit Committee comprises Independent Directors namely Smt. Mou Mukherjee (Chairperson), Shri Raj Kamal Johri and Shri Sanjay Basu (upto 16th September, 2015) and Shri A. Sankaranarayanan as other member. All the recommendations made by the Audit Committee were accepted by Board. Further details regarding Board Meetings and Audit Committee are given in the Corporate Governance Report which forms part of the Board's Report.

Corporate Governance

The Company continues to remain committed to high standards of corporate governance. The report on corporate governance as per the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this report is annexed as **Annexure-3**. The Company has complied with all the requirements of corporate governance. The certificate from the Auditors of the Company confirming compliance to the conditions of the corporate governance requirements is also annexed.

Directors' Responsibility Statement

In terms of the requirement of Section 134 of the Companies Act, 2013, Directors' Responsibility Statement is annexed as **Annexure-4** to this report.

Information on Remuneration

Information as per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure-5** and **Annexure-6** to this report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Additional Information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 is annexed as **Annexure-7** to this report.

Internal Financial Controls Systems

The Company has comprehensive and adequate internal financial controls system for all major processes including financial statements to ensure reliability of reporting. The system also helps management to have timely data/feedback on various operational parameters for effective review. It also ensures proper safeguarding of assets across the Company and its economical use. The internal financial controls system of the Company is commensurate with the size, scale and complexity of its operations. The systems and controls are periodically reviewed and modified based on the requirement. The Company has an internal audit function which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The scope of Internal Audit is well defined and documented and the audit committee reviews the observations of the Internal Audit critically. The composition and working of the audit committee forms part of the Corporate Governance Report.

Auditors

The Report by the Auditors is self-explanatory. Your Directors request you to ratify the appointment of auditors for another term beginning the conclusion of the ensuing Annual General Meeting till the conclusion of the subsequent Annual General Meeting and fix their remuneration as specified in the proposed resolution attached to the notice.

Further, with regard to preparation of accounts on going concern basis, the Auditors have made some observations under "Emphasis of Matter" appearing in the Auditors' Report which the management has responded in Note-43 to the audited financial statements for the year ended 31st March, 2016.

Secretarial Audit

The Report of the Secretarial Auditor is annexed herewith as **Annexure-8**. There are no qualifications or observations or remarks made by Secretarial Auditor in his report.

Subsidiary

The Company has only one subsidiary Hindustan Motors Limited, USA. Hindustan Motors Limited, USA was mainly engaged in the business of providing engineering services in automotive and other industrial sectors in USA. The subsidiary has not done any business since 2009-10. Steps are being taken to close the business of Company's subsidiary in USA subject to necessary compliances and approvals.

As required salient features of financial statements of Hindustan Motors Limited, USA have been disclosed in **Annexure-9** to this report.

Declaration by Independent Directors

Shri Raj Kamal Johri and Smt. Mou Mukherjee are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149 of the Companies Act, 2013 and the Rules made thereunder about their status as Independent Directors of the Company.

Directors

Shri Sanjay Basu resigned as Director of the Company with effect from 17th September, 2015. The Board places on record its high appreciation for the valuable services rendered by Shri Sanjay Basu during his tenure as Director of your Company.

At the ensuing Annual General Meeting, Shri Uttam Bose, Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

Information about the Director proposed to be reappointed as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided in the Report on Corporate Governance forming part of this Report.

Key Managerial Personnel

Shri Moloy Chowdhury, Manager designated as Chief Executive Officer of the Company resigned from the services of the Company with effect from 16th June, 2015.

Shri Ajay Kumar Bansal has been appointed as Chief Executive Officer of the Company with effect from 2nd November, 2015 for a period of two years.

Shri Ajay Kumar Bansal has resigned from the services of the Company with effect from the close of business hours on 13th May, 2016.

Shri Tarun Kumar Kabra, Company Secretary resigned from the services of the Company with effect from the close of business hours on 31st December, 2015.

Ms. Sanu Agarwal has been appointed as Secretary of the Company with effect from 25th May, 2016.

Policy on Appointment of Director and Remuneration

The Nomination and Remuneration Committee identifies and ascertains the integrity, qualification, expertise, skills, knowledge and experience of the person for appointment as Director and Key Managerial Personnel. The appointment of a Director as recommended by the Nomination and Remuneration Committee requires approval of the Board.

The remuneration / compensation / commission etc. to the Directors and Key Managerial Personnel is proposed by the Nomination and Remuneration Committee in compliance with requirements of the Companies Act and recommended to the Board for its approval. Approval of Shareholders is obtained, if required.

The Directors receive remuneration by way of fees for attending meetings of the Board or committees thereof.

At the time of appointing an Independent Director, a formal letter of appointment is given to the candidate, which inter-alia, explains the role, functions, duties and responsibilities expected of the person as an Independent Director of the Company. The Independent Director is also explained in detail the compliance required from him under the Companies Act, 2013 and other relevant regulations. The independence of Director is decided as per provisions of the Companies Act, 2013.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for remuneration of Directors, Key Managerial Personnel and Senior Management. The said Remuneration Policy is annexed as **Annexure-10** to this report.

Board Evaluation

The Board of Directors evaluated the annual performance of the Board as a whole, its committees and the directors individually in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in the following manner:-

- i. Structured evaluation forms, as recommended by the Nomination and Remuneration Committee, after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, for evaluation of the performance of the Board, its Committees and each director were provided to all the members of the Board.
- ii. The members of the Board were requested to evaluate by filling the evaluation forms and the duly filled in evaluation forms were required to be sent to the Company Secretary in a sealed envelope or personally submitted to the Chairman at the concerned meeting.
- iii. Based on the individual evaluation of the Directors, the Board initiated a detailed discussion at the concerned meeting on the performance of the Board/Committee/Individual Director, and formulated a final collective evaluation of the Board. The Board also provided an individual feedback to the concerned director on areas of improvement if any.

A separate meeting of Independent Directors was held on 15th December, 2015 to evaluate the performance evaluation of the Chairman of the meeting of Board of Directors (as there is no chairman of the Board), the Non-Independent Directors, the Board and flow of information from management.

Vigil Mechanism/Whistle Blower Policy

As per Section 177(9) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Equity Listing Agreement, the Company has established an effective vigil mechanism named Whistle Blower Policy ("the Policy") which is also in conformity with the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with a view to provide a mechanism for Directors and Employees of the Company inter alia to raise genuine concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. The Company encourages its employees to use the mechanism and has made provision for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. Adequate safeguards against victimization of the persons who use such mechanism are provided in the policy. The policy is posted on the website of the Company www.hindmotor.com.

Disclosure under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complaint during the year 2015-16.

Appreciation

Your Directors acknowledge and thank the Company's customers, shareholders, state government authorities, business associates, banks and financial institutions for the support extended to the Company. Your Directors also record their appreciation for the commitment and dedication of the employees of your Company.

For and on behalf of the Board of Directors

Kolkata
25th May, 2016

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-1 to the Directors' Report

Management Discussion & Analysis Report

Industry Structure & Development

The Company has giant infrastructure, equipped with big machineries and equipment to produce various types of motor vehicles but due to low productivity, growing indiscipline, shortage of funds and lack of demand for products, the Company was compelled to declare "Suspension of Work" at its Uttarpara Plant with effect from 24th May, 2014. The Company has also declared "layoff" at its Pithampur Plant with effect from 4th December, 2014 due to lack of orders. Unfortunately, both the Suspension of Work at its Uttarpara Plant and Layoff at its Pithampur Plant have been continuing due to no change in the situation.

Opportunities & Threats

The performance of the Company during the current financial year will be affected due to continuous suspension of work at Uttarpara Plant and layoff at Pithampur Plant of the Company. The operating loss of the Company is expected to be lower due to suspension of work, lay off, restructuring of work force and reduction in costs in the current financial year. Further, as a result of continuous losses incurred, the Company has huge outstanding liabilities which are expected to be met by sale proceeds of assets of the Company.

In order to revive operations, the Company has been engaged in scouting for tie-ups with potential investors/strategic partners who can introduce newer product portfolios in the market and infuse capital into the Company. The Company is also restructuring and rationalising its manpower and other fixed costs. The Company is also exploring avenues for alternate use of its assets to meet its overdue liabilities, subject to necessary approvals.

Internal Control Systems and their adequacy

The Company has established suitable internal control systems which provide reasonable assurance with regard to safeguarding the Company's assets, promoting operational efficiency and ensuring compliance with various legal and regulatory provisions. The Company has laid down adequate internal financial controls and systems in place and such internal controls are adequate and are operating effectively. The Internal Audit Department reviews internal control systems in various business processes and also verifies compliance of the laid down policies and procedures. Reports of the internal auditor are reviewed by the senior management and are also placed before the Audit Committee of the Directors. The statutory auditors also review their findings with the senior management and the Audit Committee. The Company also reviewed internal financial control of the Company from the independent Chartered Accountant and placed for evaluation by Audit Committee.

Segment-wise or product-wise performance

The Company's business activity falls within a single primary business segment viz. 'Automobiles' in India and hence the disclosure requirement of Accounting Standard-17 "Segment Reporting" is not applicable.

The Financial Performance, Outlook for the financial year 2016-17, Risk and Concerns and status on Human Resources/Industrial relations are given in the Directors' Report.

CAUTIONARY STATEMENT

Statements in the Directors' Report including Management Discussion & Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations and reflects only the Management's perception and assessment. Actual results may differ materially from those expressed in the statement and the Company assumes no responsibility in respect of forward looking statements made herein which may undergo changes in the future. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, exchange rates, changes in Government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

For and on behalf of the Board of Directors

Kolkata
25th May, 2016

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-2 to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016
of
HINDUSTAN MOTORS LIMITED

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	₹	L34103WB1942PLC018967
ii) Registration Date		11th February, 1942
iii) Name of the Company		HINDUSTAN MOTORS LIMITED
iv) Category / Sub-Category of the Company		Public Limited Company
v) Address of the Registered Office and contact details		"Birla Building", 14th Floor, 9/1 R N Mukherjee Road Kolkata - 700 001 Telephone No. 033 22420932 Fax No. 033 22480055
vi) Whether listed company	Yes/ No	Yes. Listed on BSE Limited and National Stock Exchange of India Limited.
vii) Name, Address and contact details of Registrar & Transfer Agents (RTA), if any		Karvy Computershare Private Limited Plot No 31-32, Karvy Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Telephone No: (040) 6716 1500 Fax: (040) 2342 0814 E-mail : einward.ris@karvy.com/ suresh.d@karvy.com

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 and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Vehicles	34103	31.32%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1.	Hindustan Motors Limited, USA - 1201 Orange Street, Suite 600 Wilmington, New Castle Country, Delaware 19801, USA	NA	Subsidiary	100%	Section 2(87)(ii)

HINDUSTAN MOTORS LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

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	527592	0	527592	0.25	527592	0	527592	0.25	0.00
(b) Central Govt./ State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(d) Any Other - Bodies Corp.	66945662	0	66945662	32.08	66945662	0	66945662	32.08	0.00
Sub-total (A) (1)	67473254	0	67473254	32.34	67473254	0	67473254	32.34	0.00
(2) Foreign									
(a) Individuals (NRIs/Foreign - Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Government	0	0	0	0.00	0	0	0	0.00	0.00
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	67473254	0	67473254	32.34	67473254	0	67473254	32.34	0.00
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	0	66450	66450	0.03	0	66450	66450	0.03	0.00
(b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c) Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
(d) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e) Foreign Portfolio Investors	0	41517	41517	0.02	0	41517	41517	0.02	0.00
(f) Banks / FI	22478219	55378	22533597	10.80	15710901	55150	15766051	7.56	3.24
(g) Insurance Companies	7432175	14350	7446525	3.57	7432175	14350	7446525	3.57	0.00
(h) Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others(specify)									
-Foreign Corporate Bodies	0	0	0	0.00	200	0	200	0.00	0.00
-Foreign Nationals	0	0	0	0.00	17996	0	17996	0.01	-0.01
2. Central Govt/StateGovt(s)/ President of India	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)+(B)(2)	29910394	177695	30088089	14.42	23161272	177467	23338739	11.19	3.23

(i) Category-wise Shareholding (Contd.)

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	
3. Non-Institutions									
(a) (i) Individual Shareholders holding nominal share capital up to Rs.2 lakh	62986434	6218948	69205382	33.17	64986415	6182153	71168568	34.11	-0.94
(ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	23432537	76750	23509287	11.27	27311921	76750	27388671	13.13	-1.86
(b) NBFCs registered with RBI	19946	0	19946	0.01	28621	0	28621	0.01	0.00
(c) Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(d) Overseas Depositories (Holding DRs)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other									
(i) Trusts	60076	0	60076	0.03	67046	0	67046	0.03	0.00
(ii) NRIs	1156734	146361	1303095	0.62	1299059	146352	1445411	0.69	-0.07
(iii) Clearing Members	230279	0	230279	0.11	259290	0	259290	0.12	-0.01
(iv) Unclaimed Suspense Account(as per SEBI LODR, 2015)	967849	0	967849	0.46	966197	0	966197	0.46	0.00
(v) Bodies Corp.	15491443	227979	15719422	7.53	16231213	227865	16459078	7.89	-0.36
(vi) Enemy Property	0	82614	82614	0.04	0	64418	64418	0.03	0.01
Sub-total (B)(3) :-	104345298	6752652	111097950	53.24	111149762	6697538	117847300	56.48	-3.24
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	134255692	6930347	141186039	67.66	134311034	6875005	141186039	67.66	-0.01
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	201728946	6930347	208659293	100.00	201784288	6875005	208659293	100.00	-0.01

HINDUSTAN MOTORS LIMITED

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding 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	Amer Investments (Delhi) Limited	8790000	4.21	0.00	8790000	4.21	0.00	0.00
2	Amita Birla	33600	0.02	0.00	33600	0.02	0.00	0.00
3	Bengal Rubber Company Limited	5354950	2.57	0.00	5354950	2.57	0.00	0.00
4	Birla Brothers Private Limited	1100000	0.53	0.00	1100000	0.53	0.00	0.00
5	Central India Industries Limited	2778140	1.33	0.00	2778140	1.33	0.00	0.00
6	Central India Industries Limited	15622460	7.49	0.00	15622460	7.49	0.00	0.00
7	Chandra Kant Birla	6000	0.00	0.00	6000	0.00	0.00	0.00
8	Gwalior Finance Corporation Limited	670206	0.32	0.00	670206	0.32	0.00	0.00
9	Hindusthan Discounting Company Limited	3084556	1.48	0.00	3084556	1.48	0.00	0.00
10	Hitaishi Investments Limited	177496	0.09	0.00	177496	0.09	0.00	0.00
11	India Silica Magnesite Works Limited	1065000	0.51	0.00	1065000	0.51	0.00	0.00
12	Jaipur Finance And Dairy Products Pvt. Ltd.	662000	0.32	0.00	662000	0.32	0.00	0.00
13	National Bearing Co. (Jaipur) Limited	22612354	10.84	10.84	22612354	10.84	100.00	10.84
14	National Engineering Industries Limited	905000	0.43	0.43	905000	0.43	99.94	0.43
15	Nirmala Birla	487992	0.23	0.00	487992	0.23	0.00	0.00
16	Ranchi Enterprises and Properties Limited	70500	0.03	0.00	70500	0.03	0.00	0.00
17	Shekhavati Investments And Traders Ltd	1248000	0.60	0.00	1248000	0.60	0.00	0.00
18	Soorya Vanijya And Investment Limited	2805000	1.34	1.34	2805000	1.34	98.22	1.34
19	Miss Avani Birla	0	0.00	0.00	0	0.00	0.00	0.00
20	Miss Avanti Birla	0	0.00	0.00	0	0.00	0.00	0.00
	TOTAL	67473254	32.34	12.59	67473254	32.34	12.59	0.00

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

Sl. No.		Shareholding at the beginning 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
	At the beginning of the year	67473254	32.34		
	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.)There is no change in number of shares held by the Promoters during the year.				
	At the end of the year			67473254	32.34

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

Sl. No.	Date	Reason	Shareholding at the beginning 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							
1	Life Insurance Corporation of India						
a)	At the beginning of the year		7432175	3.56			
b)	Changes during the year		NO CHANGE DURING THE YEAR				
c)	At the end of the year				7432175	3.56	
2	ICICI Bank Limited						
a)	At the beginning of the year		10743600	5.15			
b)	Changes during the year	Date	Reason				
		22-1-2016	Sale	-400000	-0.19	10343600	4.96
		29-1-2016	Sale	-1400000	-0.67	8943600	4.29
		5-2-2016	Sale	-507704	-0.24	8435896	4.04
		12-2-2016	Sale	-336663	-0.16	8099233	3.88
		19-2-2016	Sale	-600000	-0.29	7499233	3.59
		26-2-2016	Sale	-709773	-0.34	6789460	3.25
		4-3-2016	Sale	-563018	-0.26	6226442	2.98
		11-3-2016	Sale	-566134	-0.27	5660308	2.71
		18-3-2016	Sale	-450000	-0.21	5210308	2.50
		25-3-2016	Sale	-100000	-0.04	5110308	2.45
		31-3-2016	Sale	-150000	-0.07	4960308	2.38
c)	At the end of the year				4960308	2.38	
3	IDBI Bank Limited						
a)	At the beginning of the year		4448500	2.13			
b)	Changes during the year		NO CHANGE DURING THE YEAR				
c)	At the end of the year				4448500	2.13	
4	IFCI Limited						
a)	At the beginning of the year		3404100	1.63			
b)	Changes during the year	Date	Reason				
		25-12-2015	Sale	-143111	-0.06	3260989	1.56
		31-12-2015	Sale	-243094	-0.11	3017895	1.45
		1-1-2016	Sale	-100000	-0.04	2917895	1.40
		8-1-2016	Sale	-233722	-0.11	2684173	1.29
		15-1-2016	Sale	-264327	-0.12	2419846	1.16
c)	At the end of the year				2419846	1.16	
5	Tilok Chand Chhabra						
a)	At the beginning of the year				1680000	0.81	
b)	Changes during the year	Date	Reason				
		24/4/2015	Buy	100000	0.04	1780000	0.85

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning 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
		15-5-2015	Buy	45000	0.02	1825000	0.87
		7-8-2015	Sale	-50000	-0.02	1775000	0.85
		4-9-2015	Sale	-10000	-0.004	1765000	0.85
		4-3-2016	Buy	60946	0.02	1825946	0.88
	c) At the end of the year					1825946	0.88
6	Anju Baldi (IN300214 - 13378463)			2083242	1.00		
	a) At the beginning of the year						
	b) Changes during the year	Date	Reason				
		10-4-2015	Buy	46758	0.02	2130000	1.02
		19-6-2015	Buy	60000	0.02	2190000	1.05
		26-6-2015	Buy	10000	0.004	2200000	1.05
		3-7-2015	Buy	5939	0.002	2205939	1.06
		10-7-2015	Buy	45000	0.02	2250939	1.08
		24-7-2015	Buy	29208	0.01	2280147	1.09
		9-10-2015	Buy	125	0.00	2280272	1.09
		23-10-2015	Buy	133286	0.06	2413558	1.16
		13-11-2015	Buy	1100	0.00	2414658	1.16
		4-12-2015	Buy	29800	0.01	2444458	1.17
		18-12-2015	Buy	10000	0.004	2454458	1.18
		25-12-2015	Buy	25000	0.01	2479458	1.19
		31-12-2015	Buy	121000	0.05	2600458	1.25
		29-1-2016	Buy	189350	0.09	2789808	1.33
		5-2-2016	Buy	159388	0.07	2949196	1.41
		12-2-2016	Buy	8600	0.004	2957796	1.42
		19-2-2016	Buy	395000	0.18	3352796	1.61
		26-2-2016	Buy	14400	0.006	3367196	1.61
		11-3-2016	Buy	15700	0.00	3382896	1.62
		25-3-2016	Buy	31500	0.01	3414396	1.64
	c) At the end of the year					3414396	1.64
7	Bank of India			1495100	0.72		
	a) At the beginning of the year						
	b) Changes during the year			NO CHANGE DURING THE YEAR			
	c) At the end of the year					1495100	0.72
8	Shiv Narayan Baldi (1204940000170856)			1784151	0.86		
	a) At the beginning of the year						
	b) Changes during the year	Date	Reason				
		31/12/2015	Buy	26400	0.01	1810551	0.87
	c) At the end of the year					1810551	0.87

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning 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
9	Shiv Narayan Baldi (1204940000103081)						
**	a) At the beginning of the year			1637338	0.78		
	b) Changes during the year	Date	Reason				
		30-6-2015	Sale	-200000	-0.09	1437338	0.69
		31-12-2015	Buy	962662	0.46	2400000	1.15
		8-1-2016	Sale	-700000	-0.33	1700000	0.81
		22-1-2016	Sale	-272000	-0.13	1428000	0.68
		29-1-2016	Sale	-500000	-0.23	928000	0.44
		12-2-2016	Sale	-350000	-0.16	578000	0.28
		26-2-2016	Sale	-390000	-0.18	188000	0.09
		31-3-2016	Buy	999445	0.47	1187445	0.57
	c) At the end of the year					1187445	0.57
10	Indianivesh Securities Pvt Ltd (1204940000000166)						
**	a) At the beginning of the year			2107904	1.01		
	b) Changes during the year	Date	Reason				
		10-4-2015	Sale	-52890	-0.02	2055014	0.98
		17-4-2015	Buy	16535	0.007	2071549	0.99
		24-4-2015	Sale	-10000	-0.004	2061549	0.99
		1-5-2015	Sale	-40000	-0.01	2021549	0.97
		8-5-2015	Buy	120500	0.05	2142049	1.03
		15-5-2015	Buy	2000	0.00	2144049	1.03
		22-5-2015	Sale	-500	0.00	2143549	1.03
		5-6-2015	Buy	501	0.00	2144050	1.03
		12-6-2015	Buy	500	0.00	2144550	1.03
		19-6-2015	Buy	10000	0.004	2154550	1.03
		26-6-2015	Sale	-16140	-0.007	2138410	1.02
		30-6-2015	Buy	191927	0.09	2330337	1.12
		17-7-2015	Sale	-2500	-0.001	2327837	1.12
		24-7-2015	Sale	-25060	-0.01	2302777	1.10
		31-7-2015	Sale	-10934	-0.005	2291843	1.10
		7-8-2015	Sale	-342812	-0.16	1949031	0.93
		14-8-2015	Buy	25450	0.01	1974481	0.95
		21-8-2015	Sale	-2250	0.00	1972231	0.95
		28-8-2015	Buy	3000	0.00	1975231	0.95
		4-9-2015	Sale	-3000	0.00	1972231	0.95
		11-9-2015	Buy	4	0.00	1972235	0.95
		18-9-2015	Sale	-24856	-0.01	1947379	0.93
		25-9-2015	Sale	-5900	0.00	1941479	0.93
		30-9-2015	Sale	-17501	0.00	1923978	0.92
		9-10-2015	Buy	27500	0.01	1951478	0.94

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning 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
		16-10-2015	Sale	-82268	-0.03	1869210	0.90
		30-10-2015	Sale	-22426	-0.01	1846784	0.89
		27-11-2015	Buy	796	0.00	1847580	0.89
		4-12-2015	Sale	-800	0.00	1846780	0.89
		11-12-2015	Sale	-7500	0.00	1839280	0.88
		25-12-2015	Sale	-10000	0.00	1829280	0.88
		4-3-2016	Sale	-354217	-0.16	1475063	0.71
		11-3-2016	Buy	347697	0.16	1822760	0.87
		31-3-2016	Sale	825047	-0.39	997713	0.48
	c) At the end of the year					997713	0.48
11	Indianivesh Securities Pvt Ltd (1204940000000322)						
*	a) At the beginning of the year			0	0.00		
	b) Changes during the year	Date	Reason				
		28-8-2015	Buy	1437338	0.69	1437338	0.69
		9-10-2015	Buy	7000	0.003	1444338	0.69
		20-11-2015	Buy	60050	0.02	1504388	0.72
		11-12-2015	Buy	1000	0.00	1505388	0.72
		18-12-2015	Buy	110000	0.05	1615388	0.77
		29-1-2016	Sale	-135888	-0.06	1479500	0.71
		12-2-2016	Buy	350000	0.16	1829500	0.88
		19-2-2016	Buy	25000	0.01	1854500	0.89
		26-2-2016	Buy	390000	0.18	2244500	1.08
		4-3-2016	Sale	-32450	-0.01	2212050	1.06
		11-3-2016	Sale	-50	0.00	2212000	1.06
		31-3-2016	Sale	-200000	-0.09	2012000	0.96
	c) At the end of the year					2012000	0.96
12	Lalita Devi Baldi (1204940000103022)						
*	a) At the beginning of the year			0	0.00		
	b) Changes during the year	Date	Reason				
		8-5-2015	Buy	1355820	0.65	1355820	0.65
		26-6-2015	Buy	16090	0.00	1371910	0.66
		31-12-2015	Buy	3474	0.00	1375384	0.66
	c) At the end of the year					1375384	0.66

* Not in the list of top ten shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the top ten shareholders as on 01-03-2016.

** Ceased to be in the list of top ten shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the top ten shareholders as on 01-04-2015.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning 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
1.	Shri A. Sankaranarayanan, Director				
	At the beginning of the year	1300	0.00	1300	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer /bonus/sweat equity etc):	No Change			
	At the end of the year			1300	0.00
2.	Shri Bhikam Chand Mishra - Chief Financial Officer				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) :	No Change			
	At the end of the year			1	0.00

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	22,91,86,902	17,91,50,070	—	40,83,36,972
ii) Interest due but not paid	1,545	51,69,429	—	51,70,974
iii) Interest accrued but not due	95,47,292	—	—	95,47,292
Total (i+ii+iii)	23,87,35,739	18,43,19,499	—	42,30,55,238
Change in Indebtedness during the financial year				
• Addition	2,89,80,611	1,20,13,440	—	4,09,94,051
• Reduction	(4,89,16,858)	(1,20,00,000)	—	(6,09,16,858)
Net Change	(1,99,36,247)	13,440	—	(1,99,22,807)
Indebtedness at the end of the financial year				
i) Principal Amount	19,95,82,938	17,91,50,070	—	37,87,33,008
ii) Interest due but not paid	1,28,17,101	51,82,869	—	1,79,99,970
iii) Interest accrued but not due	63,99,453	—	—	63,99,453
Total (i+ii+iii)	21,87,99,492	18,43,32,939	—	40,31,32,431

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Shri Moley Chowdhury, Manager (ceased to be a Manager w.e.f. 16-06-2015)		
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1870237		1870237
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-
	(c) Profits in lieu of salary under	-		-
2.	Stock Option	-		-
3.	Sweat Equity	-		-
4.	Commission - as % of profit - others, specify	-		-
5.	Others, please specify - Contribution to Provident Fund	43500		43500
	Total (A)	1913737		1913737
	Ceiling as per the Act	Within the limit as approved by the Central Government		

B. Remuneration to other directors :

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Shri Raj Kamal Johri	Shri Sanjay Basu (ceased to be a Director w.e.f. 17-09-2015)	Smt. Mou Mukherjee	
1.	Independent Directors				
	• Fee for attending board / committee meetings	1,40,000	Nil	1,30,000	2,70,000
	• Commission				
	• Others, please specify				
	Total (1)	1,40,000	Nil	1,30,000	2,70,000
2.	Other Non-Executive Directors	Shri A. Sankaranarayanan	Shri Uttam Bose		
	• Fee for attending board/ committee meetings	1,30,000	40,000		1,70,000
	• Commission				
	• Others, please specify (payments made to Mr. Uttam Bose, the then Managing Director of the Company for the period 1st April, 2014 to 9th May, 2014 in relation to performance variable pay)	-	5,12,877		5,12,877
	Total (2)	1,30,000	5,52,877		6,82,877
	Total (B)=(1+2)				9,52,877
	Total Managerial Remuneration*				28,66,614
	Overall Ceiling as per the Act				

*Total Managing Remuneration is A + B

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary- Shri Tarun Kumar Kabra (ceased to be Company Secretary w.e.f. 31.12.2015)	CEO- Shri Ajay Kumar Bansal (w.e.f. 02-11-2015)	CFO - Shri Bhikam Chand Mishra	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2440586	1154287	2259011	5853884
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission - as % of profit - others, specify	—	—	—	—
5.	Others, please specify - Contribution to Provident Fund and Superannuation Fund	51840	41720	50400	143960
	Total	2492426	1196007	2309411	5997844

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
B. DIRECTORS					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				

For and on behalf of the Board of Directors

Kolkata
25th May, 2016**Uttam Bose**
Director**A. Sankaranarayanan**
Director

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 four 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 Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are two Independent Directors. The Company does not have a regular Non-Executive Chairperson and 50% of the Board is comprised of Independent Directors as per the minimum requirement pursuant to Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Smt. Mou Mukherjee is a 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 [As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]	No. of other Directorships*	No. of other Board Committee(s) of which he/she is a member **	No. of other Board Committee(s) of which he/she is a Chairman **
Shri A. Sankaranarayanan	Not Independent - Non-Executive	3	3	1
Shri Raj Kamal Johri	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 Sanjay Basu, ceased to be Director of the Company with effect from 17th September, 2015.

None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company. There is no inter se relationship between the Directors.

(b) Board Meetings

During the financial year ended 31st March, 2016, four meetings of the Board of Directors were held on 25th May, 2015, 14th August, 2015, 2nd November, 2015 and 11th February, 2016. The attendance of the Directors in these meetings was as follows :

Name of the Directors	Board Meetings			Last Annual General Meeting
	Meeting	Meeting held Held	Attended during the tenure	If Attended
Shri A. Sankaranarayanan	4	4	4	Yes
Shri Raj Kamal Johri	4	4	4	Yes
Shri Sanjay Basu (ceased to be a Director w.e.f. 17-9-2015)	4	2	–	No
Shri Uttam Bose	4	4	3	Yes
Smt. Mou Mukherjee	4	4	4	Yes

(c) Shareholding of Non-Executive Directors

As on 31st March, 2016, number of shares held by Non-Executive Director was as follows:-

Name of Non-Executive Director	No. of Shares held on 31st March, 2016
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, 9th May, 2014 and on 2nd November, 2015 and covers the matters specified for it under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as 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

- Composition of the Committee is in conformity with Regulation 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Two-Thirds 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.
- Smt. Mou Mukherjee, the Chairperson of the Audit Committee on the date of Annual General Meeting was present at the Annual General Meeting held on 14th August, 2015 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 Statutory Auditor, the Chief Internal Auditor, the Chief Executive Officer, 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, 2016, four Audit Committee Meetings were held on 25th May, 2015, 14th August, 2015, 2nd November, 2015 and 11th February, 2016 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
Smt. Mou Mukherjee (nominated w.e.f. 28-04-2015)	4	4	4
Shri A. Sankaranarayanan	4	4	4
Shri Sanjay Basu (ceased to be a Director w.e.f. 17-09-2015)	4	2	–
Shri Raj Kamal Johri	4	4	4

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. The role of Nomination and Remuneration committee was enlarged by the Board of Directors at its meeting held on 2nd November, 2015 and is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Remuneration Policy is annexed as Annexure-10 to the Directors' Report.

The Committee Members at its meeting held on 7th February, 2015, approved the performance evaluation criteria for Independent Directors.

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

Name	Nature of Directorship	Membership
Shri Raj Kamal Johri	Independent and Non-Executive Director	Member (Chairman w.e.f. 2-11-2015)
Shri A. Sankaranarayanan	Not-Independent and Non-Executive Director	Member
Smt. Mou Mukherjee	Independent and Non-Executive Director	Member (w.e.f. 28-4-2015)
Shri Sanjay Basu	Independent and Non-Executive Director	Member (ceased to be a director w.e.f. 17-9-2015)

All the three Directors are Non-Executive Directors and 67% are Independent and the Chairman of the Committee is also an Independent Director.

The Company Secretary acted as the Secretary of the Committee till 31st December, 2015.

During the financial year ended 31st March, 2016, four Nomination and Remuneration Committee Meetings were held on 25th May, 2015, 14th August, 2015, 2nd November, 2015 and 11th February, 2016 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	Meeting held the tenure	Attended
Shri Raj Kamal Johri (Chairman since 2-11-2015)	4	4	4
Shri A. Sankaranarayanan	4	4	4
Smt. Mou Mukherjee (nominated w.e.f. 28-04-2015)	4	4	4
Shri Sanjay Basu (ceased to be a Director w.e.f. 17-09-2015)	4	2	-

In so far as the Chief Executive Officer is concerned, the Company pays remuneration by way of salary, perquisites and allowances (fixed/variable components) as recommended by the Nomination and Remuneration Committee of Directors and duly approved by the Board of Directors.

Remuneration paid to Directors during the financial year ended 31st March, 2016

Non-Executive Directors

(Amount in ₹)

Name	Sitting fees for attending Committee and Board Meetings
Shri A. Sankaranarayanan	1,30,000
Shri Raj Kamal Johri	1,40,000
Shri Uttam Bose	40,000
Smt. Mou Mukherjee	1,30,000

Notes:

- 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.
- Shri Moloy Chowdhury, the Chief Executive Officer resigned w.e.f. 16th June, 2015. Thereafter, Shri Ajay Kumar Bansal was appointed as the Chief Executive Officer of the Company w.e.f. 2nd November, 2015. The employment of Chief Executive Officer 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. Shri Ajay Kumar Bansal has resigned from the services of the Company w.e.f. the close of business hours on 13th May, 2016.

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:

Name	Nature of Directorship	Membership
Shri A. Sankaranarayanan	Not Independent and Non-Executive Director	Chairman
Shri Raj Kamal Johri	Independent and Non-Executive Director	Member
Shri Uttam Bose	Not-Independent Director and Non-Executive Director	Member

Shri Tarun Kumar Kabra, Company Secretary and also designated as the Compliance Officer resigned with effect from the close of business hours on 31st December, 2015.

Ms. Sanu Agarwal has been appointed as the Secretary and Compliance Officer of the Company with effect from 25th May, 2016.

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, 19 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, 2016.

During the financial year ended 31st March, 2016, one Stakeholders Relationship Committee meetings was held on 14th August, 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	1	1	1
Shri Uttam Bose	1	1	1
Shri Raj Kamal Johri	1	1	1

Complaints received during the financial year ended 31st March, 2016 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	7	7
Non-receipt of Securities	9	9
Non-receipt of Annual Report	2	2
Others	1	1
	19	19

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, no meeting of such Committee was held. Chief Internal Auditor of the Company acts as Secretary of the Committee.

7. Meeting of Independent Directors

During the financial year ended 31st March, 2016, the Independent Directors met on 15th December, 2015, 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 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	14th August, 2015	Rotary Sadan 94/2, Chowringhee Road Kolkata-700020	Yes
Annual General Meeting	25th September, 2014	Rotary Sadan 94/2, Chowringhee Road Kolkata-700020	Yes
Annual General Meeting	26th December, 2013	Kolkata Ice Skating Rink 78, Syed Amir Ali Avenue Kolkata-700019	No
Court Convened Meeting	23rd September, 2013	Kolkata Ice Skating Rink 78, Syed Amir Ali Avenue Kolkata-700019	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. National Stock Exchange waived the fine imposed by them vide their letter dated 5-11-2015, while response from BSE Limited is awaited.

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 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 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/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period ended 31st March, 2016.

10. Means of Communication

Subject	Details
Quarterly results	Published in the newspapers in terms of Clause 41 of the Listing Agreement / Regulation 29 and 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Newspapers wherein results normally published	Business Standard - Kolkata and Mumbai. Dainik Statesman - Kolkata (Bengali version) - Kolkata Edition
Any website, where displayed	www.hindmotor.com
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	21st September, 2016 at 11.00 AM
Venue	Rotary Sadan Rotary Children's Welfare Trust 94/2, Chowringhee Road Kolkata - 700 020
Financial Calendar for F.Y. 2016-17 (1st April, 2016 to 31st March, 2017)	a. 1st Quarterly Results - On or before 14th August, 2016
	b. 2nd Quarterly Results - On or before 14th November, 2016
	c. 3rd Quarterly Results - On or before 14th February, 2017
	d. Annual Audited Results - On or before 30th May, 2017
Date of Book closure	14th September, 2016 to 21st September, 2016 (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 "Exchange Plaza", Plot No. C/1, G-Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Tel : 91-22-2659 8235/36 Fax : 91-22-2659 8237/38	
	BSE Limited Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Tel : 91-22-2272 1233/1234 Fax : 91-22-2272 1003	
Stock Code	National Stock Exchange of India Ltd. BSE Ltd.	HINDMOTORS 500500
ISIN Number	INE253A01025	

Market Price Data

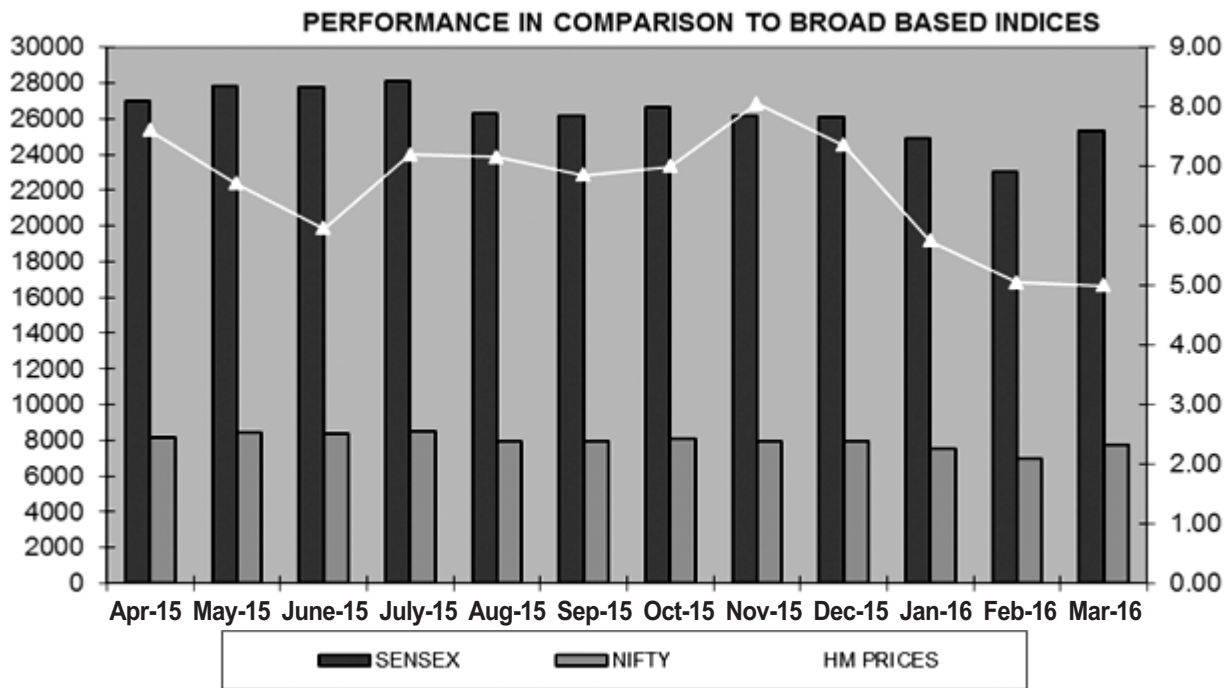
The Company's shares are listed on National Stock Exchange of India Limited and BSE Limited. The monthly high and low quotations of shares traded during the financial year ended 31st March, 2016 are as below :

(Amount in ₹)

Month	NSE		BSE	
	High	Low	High	Low
April - 2015	8.00	6.05	8.00	6.20
May - 2015	7.85	6.50	7.80	6.60
June - 2015	6.75	5.65	6.75	5.60
July - 2015	7.75	5.80	7.70	5.85
August - 2015	10.65	6.30	10.65	6.35
September - 2015	7.75	6.55	7.75	6.50
October - 2015	7.90	6.90	7.81	6.90
November - 2015	8.40	6.70	8.34	6.50
December - 2015	8.70	7.05	8.69	7.11
January - 2016	8.45	5.70	8.41	5.75
February - 2016	6.05	4.90	6.07	4.90
March - 2016	5.60	4.85	5.55	4.84

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 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, 2016, 11385 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, 2016

No. of Shares	Shareholders		Shares	
	Numbers	%	Numbers	%
1 - 500	102525	80.40	17748577	8.51
501 - 1000	12618	9.89	10763069	5.16
1001 - 2000	6038	4.73	9508150	4.56
2001 - 3000	2020	1.58	5242764	2.51
3001 - 4000	903	0.71	3277252	1.57
4001 - 5000	1007	0.79	4847058	2.32
5001 - 10000	1309	1.03	9996336	4.79
10001 - 20000	602	0.47	8874965	4.25
20001 and Above	504	0.40	138401122	66.33
TOTAL	127526	100.00	208659293	100.00

Category of Shareholders as on 31st March, 2016

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	23212576	11.12
4.	Foreign Institutional Investors	11	0.01	41517	0.02
5.	Private Corporate Bodies	1501	1.18	16487699	7.90
6.	Resident Individuals	124037	97.26	98557239	47.23
7.	NRIs & OCBs	1773	1.39	1528025	0.73
8.	Clearing Members	84	0.07	259290	0.12
9.	Trusts	15	0.01	67046	0.03
10.	Unclaimed Suspense Account	1	0.00	966197	0.46
	TOTAL	127526	100.00	208659293	100.00

Disclosure of Unclaimed Suspense Account as required under Clause 5A of the Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, 2015	5624	967849
ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	4	1652
iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	4	1652
iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2016	5620	966197

Note : The voting rights on these shares shall remain frozen till the rightful owners of such shares claim the shares.

Dematerialisation of Equity Shares and Liquidity

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, 2016, about 96.70% of the Company's shares were held in dematerialised form.

Plant Locations (Manufacturing Units)

Address	Items produced
1. Uttarpura Division (UTP) Hindmotor - 712 233 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 Pithampur, Sector III, Sagore - 454 774 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 13, 2016

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/-

Ajay Kumar Bansal

Chief Executive Officer

Address for Correspondence :

- For matters related to shares :
 - Karvy Computershare Private 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) :
 - Ms. Sanu Agarwal
 - 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 Uttam Bose
Date of birth	17th December, 1961
Date of appointment	10th May, 2014
Qualification	B.E. (Mech), MBA
Nature of expertise in specific functional areas	As an Engineer of high caliber he has expertise in developing new businesses with domestic and overseas OEMs, talented, effective and motivated leadership team to manage highly efficient manufacturing businesses and building excellent relationship.
Names of directorship in other companies (only public limited companies have been considered)	1. Hindustan Motor Finance Corporation Limited
Names of committees of other companies in which the director is a member.	—
No. of shares held in the Company	—
Relationships with other Directors	No

The above report was placed before and approved by the Board at its Meeting held on 25th May, 2016.

For and on behalf of the Board of Directors

Kolkata
25th May, 2016

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** ("the Company") for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Conditions of 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations as applicable.

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

Nabanita Ghosh
Partner
Membership No.: 58477

Place : Kolkata
Date : 25th May, 2016

Annexure-4 to the Directors' Report

Directors' Responsibility Statement

The Board of Directors confirms that :

- A. In the preparation of the annual accounts, for the financial year ended 31st March, 2016, all the applicable accounting standards have been followed;
- B. The Directors have adopted such accounting policies and have applied them consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- C. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- D. The Directors have prepared the annual accounts on a going concern basis;
- E. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- F. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

For and on behalf of the Board of Directors

Kolkata
25th May, 2016

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-5 to the Directors' Report

Information under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2016

Requirements of Rule 5(1)	Details
(i) The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year	Shri A. Sankaranarayanan-NA Shri Raj Kamal Johri-NA Shri Sanjay Basu (ceased to be Director w.e.f. 17-09-2015) - NA Shri Uttam Bose-NA Smt. Mou Mukherjee - NA
(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Shri Moloy Chowdhury - Chief Executive Officer-(ceased to be Chief Executive Officer w.e.f. 16-06-2015): NA Shri Ajay Kumar Bansal - Chief Executive Officer w.e.f. 02-11-2015 : NA Shri B. C. Mishra - Chief Financial Officer : NA Shri Tarun Kumar Kabra - Company Secretary (ceased to be Company Secretary w.e.f. 01.01.2016) : 10% increase w.e.f. 01.04.2015 Overall increase in remuneration for managerial personnel w.e.f 01.04.2016 is 5.87%
(iii) The percentage increase in the median remuneration of employees in the financial year	1.76% NB: Employees continuing on duty as on 31.3.2015 and 31.3.2016 are considered only
(iv) The number of permanent employees on the rolls of the Company	669 employees as on 31.03.2016 for Uttarpara Unit 8 employees as on 31.03.2016 for Pithampur Unit Total = 677 Employees on Roll as on 31.3.2016
(v) The explanation on the relationship between average increase in remuneration and Company performance	Average increase in remuneration is (-)0.16% NB: as only on-duty employees are considered for the periods under consideration and only DA increase for unionised category is there, also two Sr. Executives left the organisation, hence, increase in overall remuneration is negative. The increase in remuneration is effective 1st April, 2015. The increase in remuneration is inclusive of increase in industrial dearness allowance for unionised employees and annual increment given to certain employees. Increase in industrial dearness allowance is not co-related with Company's performance. Certain employees were given increments based on individual performance to retain their services.

Requirements of Rule 5(1)	Details			
(vi) Comparison of the remuneration of the key managerial personnel against the performance of the Company	The increase in the remuneration of the key managerial personnel is based on individual performance.			
(vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year		As on 31.03.2015	As on 31.03.2016	% Change
	Closing Price as per NSE (₹)	6.25	5.00	-20.00
	Market Capitalisation (₹ in lac)	13041.21	10432.96	-20.00
	Price Earning Ratio	-2.93	-3.25	10.92
(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>Average salary increase of non-managerial employees is 5.23%.</p> <p>NB: Except KMPs, all employees on duty are considered.</p> <p>The increase in the managerial remuneration is as given in (ii) above.</p> <p>There is no exceptional circumstance for increase in the managerial remuneration.</p>			
(ix) Comparison of each remuneration of the key managerial personnel against the performance of the Company	The Company's operations have been under suspension at its main operating plant i.e. Uttarpara Plant since 24th May, 2014. As such the comparison in remuneration and Company performance is not applicable.			
(x) The key parameters for any variable component of remuneration availed by the directors	Payment of variable component made to Managing Director is against the deliverables based inter alia on individual performance and Company's financial performance.			
(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	No employee of the Company has received remuneration higher than any Director during the year			
(xii) Affirmation that the remuneration is as per the remuneration policy of the Company.	Remuneration paid during the year is as per remuneration policy of the Company.			

For and on behalf of the Board of Directors

Kolkata
25th May, 2016

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-6 to the Directors' Report

Information under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2016

- No employee throughout the financial year 2015-16 was in receipt of remuneration which, in the aggregate was Rupees Sixty lacs or more.
- No employee for a part of the financial year 2015-16, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate was Rupees Five lacs or more per month.

Rule 5(2)(iii) is not applicable to any employee of the Company.

Kolkata
25th May, 2016

For and on behalf of the Board of Directors

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-7 to the Directors' Report

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo

(a) Conservation of energy

(i) The steps taken or impact on conservation of energy.	<p>a. The Uttarpara Plant of the Company is under suspension of work with effect from 24th May, 2014. The following steps have been taken post suspension of work to conserve energy and reduce electricity expenses.</p> <p>i) Reduction in demand load from 8000KVA to 3000 KVA for the period September, 2014 to December, 2014.</p> <p>ii) Electricity connection was disconnected with effect from 3rd December, 2014 to save the payment of minimum demand charges.</p> <p>b. The Pithampur Plant of the Company is under layoff with effect from 4th December, 2014. Electricity connection was disconnected with effect from 29th October, 2014 to save the payment of minimum demand charges.</p>
(ii) The steps taken by the Company for utilizing alternate sources of energy	NIL
(iii) The capital investment on energy conservation equipments	NIL

(b) Technology absorption

(i) The efforts made towards technology absorption	
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	All research and development efforts towards redesign and upgrading of product at Uttarpara Plant were put on hold due to suspension of work
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – (a) the details of technology imported (b) the year of import; (c) whether the technology been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
(iv) The expenditure incurred on Research and Development	NIL

(c) Foreign Exchange Earnings and Outgo –

(i) Foreign exchange earned	₹ NIL
(ii) Foreign exchange outgo	
a) CIF value of imports	₹ NIL
b) Others	₹ 0.45 lacs

For and on behalf of the Board of Directors

Kolkata
25th May, 2016

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-8 to the Directors' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2016

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To
The Members,
Hindustan Motors Limited
"Birla Building", 14th Floor,
9/1, R. N. Mukherjee Road,
Kolkata - 700 001
West Bengal

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by *Hindustan Motors Limited* having its Registered Office at "Birla Building", 14th Floor, 9/1, R N Mukherjee Road, Kolkata - 700 001, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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 31.03.2016 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.

Auditors' Responsibility

Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers' and the agents of the Company during the said audit.

We have followed the audit practices and processes as were appropriate to the best of our understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

We have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. We have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an

adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statues as mentioned hereinafter.

Wherever required we have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of compliance procedures on test basis.

Our report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2016 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards (SS-1 and SS-2) as issued by The Institute of Company Secretaries of India and which became effective from 01.07.2015.
- (iii) Listing Agreement with the Stock Exchange.
- (iv) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (vi) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) 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;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Act :

Motor Vehicles Act, 1988 and rules made thereunder;

to the extent of their applicability to the Company during the financial year ended 31.03.2016 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding

there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environments laws, etc.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

During the period under review, provisions of the following regulations /guidelines/standards were not applicable to the Company :

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (ii) SEBI (Share Based Employee Benefits) Regulations, 2014
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

We further report that :

- (a) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.
- (b) 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 meeting.
- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that

- (a) The production at the Uttarpara Plant is suspended w.e.f. 24th May, 2014 and there is lay off at its Pithampur Plant w.e.f. 4th December, 2014.
- (b) **There was no Company Secretary (Whole Time Key Managerial Personnel) in the Company in terms of the provisions of Section 203 of the Companies Act, 2013 since January 1, 2016. However, the Company has appointed a Company Secretary on May 25, 2016.**

For **A. K. LABH & Co.**
Company Secretaries

(**CS A. K. LABH**)
Practicing Company Secretary
FCS - 4848 / CP No.-3238

Place : Kolkata
Dated : 25th May, 2016

Annexure-9 to the Directors' Report**Statement containing salient features of the financial statement of Subsidiary**

Name of the subsidiary	Hindustan Motors Limited, USA
1. Reporting period for the Subsidiary concerned, if different from the holding company's reporting period	Same reporting period for the Subsidiary & Holding Company i.e. year ended 31st March, 2016
2. Reporting currency and exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiary.	US \$ 1 US \$ = 66.3329
	(₹ in Lacs)
3. Share Capital	158.64
4. Reserves & Surplus	-295.83
5. Total Assets	9.25
6. Total Liabilities (Including Share Capital & Reserves & Surplus)	9.25
7. Investments	-
8. Turnover	-
9. Profit before taxation for the year	-
10. Provision for taxation for the year	-
11. Profit after taxation for the year	-
12. Proposed Dividend for the year	-
13. % of shareholding	100

For and on behalf of the Board of Directors

Kolkata
25th May, 2016**Uttam Bose**
*Director***A. Sankaranarayanan**
*Director***Sanu Agarwal**
*Company Secretary***Bhikam Chand Mishra**
Chief Financial Officer

Annexure-10 to the Directors' Report

HINDUSTAN MOTORS LIMITED REMUNERATION POLICY

1. INTRODUCTION

Hindustan Motors Limited as a company considers that human resources are its invaluable assets and as a policy aims to realise full potential of such invaluable assets by harmonizing the aspirations of the human resources consistent with the goals of the Company. This Remuneration Policy (hereinafter referred to as the "Policy") advocates a principle of attracting the 'promising' talents, developing the 'potential' talents and advancing the 'best' talents. This will help to motivate and retain talents and to remain competitive in the market place and promote good Corporate Governance and thus, safeguard company's interests. Based on such philosophies, and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time, this policy on remuneration of Non-Executive Directors, Executive Directors, Key Managerial Personnel and Senior Management has been formulated by the "Nomination and Remuneration Committee" (hereinafter referred to as the "Committee") and approved by the Board of Directors.

2. OBJECTIVE AND PURPOSE OF THE POLICY

The objective and purpose of this Policy are :

- (i) To outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board and the Executives of the quality required.
- (ii) To have a Policy and mechanism in place to retain, motivate and promote talents to create competitive advantage for the Company by ensuring long term sustainability of talented managerial personnel.

3. GUIDING PRINCIPLES

The Committee while designing the remuneration package should ensure that :

- (i) The level of the incumbent and the composition of remuneration are reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to handle the responsibilities effectively and efficiently.
- (ii) There is a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. A significant part of the remuneration package is to be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.
- (iii) The Committee may consult the Chairman of the Board as it may feel appropriate.

In the context of the aforesaid objective and principles, the following policy has been formulated by the Committee and adopted by the Board of Directors at its meeting held on 7th February, 2015.

4. EFFECTIVE DATE

This policy came into effect w.e.f. from 7th day of February, 2015.

5. DEFINITIONS

(A) In this Policy unless the context otherwise requires:

- i. **Board** means Board of Directors of the Company.
- ii. **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- iii. **Company** means Hindustan Motors Limited.

- iv. **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement.
- v. **Manager** means manager as defined under Section 2(53) of the Companies Act, 2013.
- vi. **Key Managerial Personnel (KMP)** means:
 - a) the Chief Executive Officer or the Managing Director or the Manager
 - b) Company Secretary
 - c) Whole-time Director
 - d) Chief Financial Officer and
 - e) such other officer as may be prescribed under the applicable statutory provisions / regulations.
- vii. **Senior Management** means all Senior Management Executives of the Company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the executive directors, including the functional heads.

(B) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013/ Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

6. APPLICABILITY OF THE POLICY

The Policy is applicable to

- (i) Directors (Executive and Non- Executive)
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

7. REMUNERATION OF THE WHOLE-TIME DIRECTOR, MANAGER, KEY MANAGERIAL PERSON AND SENIOR MANAGEMENT PERSONNEL

A. General

- (i) The remuneration / compensation / commission etc. to the Whole-time Director, Manager and Key Managerial Personnel (KMP) shall be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- (ii) The remuneration and commission to be paid to the Whole-time Director/Manager shall be in accordance with the percentage/slabs / conditions laid down in the Companies Act, 2013, and the rules made thereunder.
- (iii) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director/Manager. Increments will be effective from 1st April every year unless otherwise decided by the Board.
- (iv) The remuneration payable to Senior Management Personnel including their increments will be determined by the Managing Director/Manager and recommended to the Nomination and Remuneration Committee for approval.
- (v) Where any insurance is taken by the Company on behalf of its Directors, Key Managerial Personnel and Senior Management Personnel for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

B. Remuneration

- (i) **Fixed Pay :** The Whole-time Director/Manager/KMP/Senior Management Personnel (hereinafter referred to as the 'Executives') shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- (ii) **Variable Components :** The Committee may, in its discretion, structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable as a variable component is determined by the Committee, based on performance against pre-determined financial and non-financial metrics and shall always be within the limits of the overall guidelines for incentive pay. The Executives participate in a performance linked variable pay scheme which is based on the individual's and Company's performance for the year, pursuant to which Executives may be entitled to get performance-based variable remuneration.
- (iii) **House Rent Allowance :** The Executives shall be entitled to receive house rent allowance, which shall not exceed 60% of the basic salary of the Executive.
- (iv) **Personal Benefits :** The Executives are entitled to number of work-related benefits, including Office Car, telephones (Office and Residence), mobile telephone, broadband at home, club membership, work-related newspapers and magazines. The extent of individual benefits is negotiated with each individual Executive. The Executives may be covered by the Company's Insurance Policies:
- Accident Insurance
 - Health Insurance
 - Directors and Officers Liability Insurance
- (v) **Other Annual Emoluments :** The Executives shall receive the following annual emoluments:
- (a) Medical reimbursement of up to one month's basic salary, in accordance with the Company's policies;
 - (b) Leave Travel Assistance of up to one month's basic salary as per scale formulated in this behalf; and
 - (c) Leave encashment, in accordance with the Company's policies.
- (vi) **Provident Fund/Gratuity Contributions :** Contributions are made in accordance with applicable laws, employment agreements and policies of the Company.
- (vii) **Severance Pay:** There are, in the usual course, no severance fees (routine notice period not considered as severance) or other severance benefits.
- (viii) **Minimum Remuneration :** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- (ix) **Provisions for Excess Remuneration :** If any Whole-time Director/ Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government wherever applicable.

8. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

- (i) **Remuneration / Commission :** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Companies Act, 2013 and the rules made thereunder.
- (ii) **Sitting Fees :** The Non-Executive/Independent Director(s) may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- (iii) **Reimbursement of Expenses :** Expenses in connection with Board and Committee meetings are reimbursed as per account rendered.

9. RESPONSIBILITY OF COMMITTEE

The Committee is inter alia responsible for :

- (i) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- (ii) advising the Board on issues concerning principles for remuneration, remunerations and other terms of employment for the Non-Executive Directors and the Executives;
- (iii) monitoring and evaluating programs for variable remuneration;
- (iv) monitoring and evaluating the application of this Policy;
- (v) monitoring and evaluating current remuneration structures and levels in the Company; and
- (vi) any other responsibility as determined by the Board

10. REMOVAL

The Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP's and Senior Management subject to the provisions and compliance of the applicable Act, rules and regulations, if any.

11. DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

12. AMENDMENT

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. No such amendment or modification will be, however, binding on the Employees unless the same is notified to the Employees in writing.

INDEPENDENT AUDITOR'S REPORT

To the Members of HINDUSTAN MOTORS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Hindustan Motors Limited ("*the Company*"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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) 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 risks 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 statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following Note to the financial statements:

Note 43 to the financial statements which indicates that the net worth of the Company is fully eroded as at 31st March 2016, leading to a material uncertainty about the company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

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 a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 account as required by law have been kept by the Company so far as it appears from our examination of those books read with Note 46.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The going concern matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate Report in "Annexure A".
 - h) 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 on its financial position in its financial statements - Refer Note 30 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The instances of delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company are indicated in Note 10 to the financial statements.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No.301072E)

Nabanita Ghosh
Partner

Membership No.: 58477

Place : Kolkata
Date : 25th May, 2016

Annexure to the Auditor's Report

(Referred to in Paragraph 1 of 'Report on Other Legal and Regulatory Requirements' of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of such verification in a phased manner to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In respect of fixed assets lying with third parties, the management has a process of obtaining periodic confirmations. No material discrepancies were noticed on such verification/confirmations during the period.
- (c) The title deed of immoveable properties are held in the name of the Company
- (ii) The management has not conducted any physical verification of inventory during the year and as a result, material discrepancies, if any, were not ascertained and dealt with in the books of account.
- (iii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of clauses (iii) (a), (b) and (c) of paragraph 3 of the aforesaid Order are not applicable to the Company.
- (iv) According to the information and explanation given to us, during the year the Company has not given loans, made investments, given guarantees and provided securities covered by provisions of section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records as specified under Sub-Section (1) of Section 148 of the Companies Act, 2013, related to the manufacture of Vehicles, Spare Parts of Vehicles, Steel Products and Components and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of checking the records of the Company, we are of the opinion that the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax cess and any other statutory dues with appropriate authorities though there has been delays in respect of sales-tax, value added tax and municipal tax. The extent of arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, are as mentioned below:

Nature of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Due date	Date of Payment
The Central Sales Tax Act, 1956	CST	417.22	April, 2013 to June, 2014	May, 2013 to July, 2014	Not paid
West Bengal Value Added Tax Act, 2003	VAT	1,034.46	April, 2013 to June, 2014	May, 2013 to July, 2014	Not paid
The Central Sales Tax Act, 1956	Sales Tax Deferral credit	878.62	June, 2012 to June, 2014	July, 2012 to July, 2014	Not paid
West Bengal Sales Tax Act, 1994	Sales Tax Deferral credit	1,681.44	June, 2012 to March, 2014	July, 2012 to April, 2014	Not paid
West Bengal Value Added Tax Act, 2003	Sales Tax Deferral credit	42.60	April, 2014 to June, 2014	July, 2014	Not paid
The West Bengal Municipal Act, 1993	Municipal Tax under Uttarpara Kotrung Municipality	72.42	April, 2012 to March, 2015	May, 2012 to April, 2015	Not paid

(b) According to the information and explanations given to us, the following dues of sales-tax, value added tax, duty of custom and duty of excise have not been deposited by the Company on account of any dispute :

Nature of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Dispute on Account of Classification, Cenvat Credit, Assessable Value, Differential Excise Duty, Input Service Tax Credit, Excise duty on PDI	6,737.25	1984-2015	CESTAT, High Court/ Commissioner (Appeals)/ Commissioner/Assistant/ Commissioner of Central Excise/ CESTAT, Joint Commissioner
The Central Sales Tax Act, 1956	Stock Transfer, Non-submission of C/D Forms etc.	913.71	1995-2012	Additional Commissioner of Commercial Taxes/High Court/W.B. Commercial Tax appellate & revision Board/ Deputy Commissioner
Tamil Nadu Sales Tax Act, 1959	Additional Sales tax etc.	2.52	1989-1996	Assistant Commissioner
West Bengal Sales Tax Act, 1994	Non Receipt of Sales tax form, Interest, Penalty, Post Return Adjustment etc.	0.37	2003-2004	WB Commercial tax appellate & revision board
West Bengal Value Added Tax Act, 2003	Disallowance of VAT Credit, enhancement of turnover with wrong calculation and taxed	5,908.33	2007-2013	Taxation Tribunal of West Bengal/West Bengal Commercial tax Appellate & Revision Board/Additional Commissioner
The Customs Act, 1956	Dispute on account of Classification, Duty on inclusion of Technical Know-how fees on imported goods, import of Engines, Short Levy etc.	49.89	1990-2006	Commissioner/Assistant Commissioner Appeals/ Tribunal

Nature of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
M.P. Commercial Tax Act, 1994	Exemption Notification denied by Commissioner Appeal	12.25	1997-2004	Appellate Board, Bhopal
M.P. VAT Act, 2002	Ex-party Assessment Order	26.64	2011-12	Commercial Tax Officer
M.P. Commercial Tax Act, 1995	Entry Tax	90.25	2012-13	High Court
The Central Sales Tax Act, 1956	Ex-party Assessment Order	42.30	2011-12	Commercial Tax Officer

- (viii) Based on our audit procedures and as per the information and explanations given to us by the management, the Company has overdrawn cash credit borrowings from United Commercial Bank during the year amounting to Rs.4.95 lacs with an overall delay of less than 90 days and Rs.148.13 lacs with an overall delay of more than 90 days. There were no overdrawn cash credit borrowings as on the Balance Sheet date. The Company has outstanding debentures as on the Balance Sheet date. The Company has defaulted in repayment of dues to debenture holders which includes overdue principal amount of Rs. 346.27 lacs and interest amount of Rs. 120.53 lacs respectively, due since September 29, 2015.
- (ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer including debt instruments and term loan during the year. Accordingly, clause (ix) of paragraph 3 of the aforesaid Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) On the basis of our examination of the records of the Company, the managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company. Accordingly, clause (xii) of paragraph 3 of the aforesaid Order is not applicable to the Company.
- (xiii) On the basis of our examination of the books of account of the Company and according to the information and explanations given to us, the transactions entered into with the related parties are in compliance with section 177 and 188 of the Act and the same has been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (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.
- (xv) On the basis of our examination of the records of the Company and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No.301072E)
Nabanita Ghosh
Partner
Membership No.: 58477

Place : Kolkata
Date : 25th May, 2016

ANNEXURE A

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN MOTORS LIMITED

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

Report on the Standalone Financial Statements

We have audited the internal financial controls over financial reporting of Hindustan Motors Limited ("*the Company*") as of March 31, 2016 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 laying down and maintaining internal financial controls based on 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 2013 Act.

Auditor's 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 Standards on Auditing, to the extent applicable to an audit of internal financial controls and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), 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 judgement, 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 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 authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

In view 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 has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on 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 **RAY & RAY**
Chartered Accountants
(Firm's Registration No.301072E)
Nabanita Ghosh
Partner
Membership No.: 58477

Place : Kolkata
Date : 25th May, 2016

Balance Sheet as at March 31, 2016

		₹ in lacs	
	Notes	As at March 31, 2016	As at March 31, 2015
<u>EQUITY AND LIABILITIES</u>			
A. SHAREHOLDERS' FUNDS			
Share Capital	2	10441.44	10441.44
Reserves and Surplus	3	(19786.85)	(16581.04)
		(9345.41)	(6139.60)
B. NON-CURRENT LIABILITIES			
Long-Term Borrowings	4	684.33	1368.67
Deferred Tax Liability (Net)	5	-	-
Other Long-Term Liabilities	6	147.06	155.32
Long-Term Provisions	7	166.86	739.99
		998.25	2263.98
C. CURRENT LIABILITIES			
Short-Term Borrowings	8	280.90	238.87
Trade Payables	9	2526.85	2516.51
Other Current Liabilities	10	10552.01	8002.25
Short-Term Provisions	11	146.02	165.21
		13505.78	10922.84
		5158.62	7047.22
<u>ASSETS</u>			
D. NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	12	2617.35	2786.13
Intangible Assets	12	102.33	145.32
		2719.68	2931.45
Non-Current Investments	13	13.94	13.94
Long-Term Loans and Advances	14	426.82	545.25
Other Non-Current Assets	15	-	-
		3160.44	3490.64
E. CURRENT ASSETS			
Inventories	16	699.53	1054.24
Trade Receivables	17	117.88	135.54
Cash and Bank Balances	18	4.71	23.51
Short-Term Loans and Advances	19	312.13	396.74
Other Current Assets	20	863.93	1946.55
		1998.18	3556.58
		5158.62	7047.22

Significant Accounting Policies 1.2

The accompanying notes are an integral part of the financial statements

As per our report of even date.

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

Nabanita Ghosh
Partner
Membership No.: 058477
Place: Kolkata
Date : May 25, 2016

Sanu Agarwal
Company Secretary

Bhikam Chand Mishra
Chief Financial Officer

As Approved,
For and on behalf of the Board of Directors

A. Sankaranarayanan
Director

Uttam Bose
Director

Statement of Profit and Loss for the year ended March 31, 2016

₹ in lacs

	Notes	2015-2016	2014-2015
A. INCOME			
Revenue from Operations (Gross)	21	87.36	1694.61
Less : Excise Duty		6.07	184.67
Revenue from Operations (Net)		81.29	1509.94
Other Income	22	156.44	588.22
		<u>237.73</u>	<u>2098.16</u>
B. EXPENSES			
Cost of Raw Materials and Components Consumed	23	123.42	1009.09
Purchase of Traded Goods	24	-	89.12
Decrease in Stocks	25	207.12	280.13
Employee Benefits Expense	26	1412.26	2771.47
Finance Costs	27	1035.56	782.48
Depreciation and Amortisation Expense	28	189.17	210.35
Other Expenses	29	474.67	1145.75
		<u>3442.20</u>	<u>6288.39</u>
Profit / (Loss) Before Tax		<u>(3204.47)</u>	<u>(4190.23)</u>
Tax Expenses			
Current Tax		-	-
Total Tax Expenses		-	-
Profit / (Loss) for the period		<u>(3204.47)</u>	<u>(4190.23)</u>
Earning per Equity Share (Nominal value of Share ₹ 5)	31		
Basic	₹	(1.54)	(2.13)
Diluted	₹	(1.54)	(2.13)
Significant Accounting Policies	1.2		

The accompanying notes are an integral part of the financial statements

As per our report of even date.

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

Nabanita Ghosh
Partner
Membership No.: 058477
Place: Kolkata
Date : May 25, 2016

Sanu Agarwal
Company Secretary

Bhikam Chand Mishra
Chief Financial Officer

As Approved,
For and on behalf of the Board of Directors

A. Sankaranarayanan
Director

Uttam Bose
Director

Cash Flow Statement for the year ended March 31, 2016

₹ in lacs

	2015 - 2016	2014 - 2015
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT / (LOSS) BEFORE TAX	(3204.47)	(4190.23)
ADJUSTMENTS FOR :		
Depreciation and amortisation Expense	189.17	210.35
Interest Income	(5.95)	(6.85)
Finance Costs	1035.56	782.48
Unspent Liabilities and Provisions no longer required written back	(104.10)	(439.01)
Provision for doubtful debts and advances (Net)	14.55	0.98
Irrecoverable Debts, Claims and Advances written off	-	12.25
Unrealised Foreign Exchange Loss (Gain) [Net]	-	15.41
Net (Gain)/Loss on Fixed Assets Sold/Discarded	3.41	(6.60)
Dividend Income	(1.50)	(1.20)
OPERATING (LOSS) BEFORE WORKING CAPITAL CHANGES	(2073.33)	(3622.42)
Movement in working capital		
Increase/(Decrease) in Other Long-Term Liabilities	(8.26)	(287.55)
Increase/(Decrease) in Trade Payable and Other Current Liabilities	1883.06	(2723.13)
Increase/(Decrease) in Long-Term provisions	(573.13)	(138.81)
Increase/(Decrease) in Short-Term provisions	(19.19)	(643.88)
Decrease/ (Increase) in Trade Receivables	3.11	1679.60
Decrease/ (Increase) in Long-Term Loans and Advances and Other Non-Current Assets	3.06	2185.94
Decrease/ (Increase) in Short-Term Loans and Advances and Other Current Assets	1167.00	6533.28
Decrease/ (Increase) in Inventories	354.71	463.38
CASH USED IN OPERATIONS	737.03	3446.41
Add: Current Tax (Paid) / Refund (Net)	115.37	(131.00)
NET CASH USED IN OPERATING ACTIVITIES	852.40	3315.41
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	17.85	63.06
Dividend Received	1.50	1.20
Interest Received on Fixed Deposits and others	6.18	6.62
Purchase of Fixed Assets	-	(0.51)
Proceeds of Fixed Deposits	10.75	-
NET CASH GENERATED FROM INVESTING ACTIVITIES	36.28	70.37
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long-Term borrowings	-	(439.61)
Net Increase / (Decrease) in Intercompany Deposits and others	42.03	(1639.53)
Interest Paid	(938.76)	(1372.42)
NET CASH USED IN FINANCING ACTIVITIES	(896.73)	(3,451.56)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(8.05)	(65.78)
CASH & CASH EQUIVALENTS - BEGINNING OF THE YEAR	12.76	78.54
CASH & CASH EQUIVALENTS - AT THE END OF THE YEAR	4.71	12.76
Cash and Cash Equivalents as above	4.71	12.76
Other Bank Balances	-	10.75
*Cash and Bank Balances as per Note 18.	4.71	23.51

* Includes ₹ 1.95 lacs (₹ 1.95 lacs) lying in Unpaid Dividend Account and ₹ Nil lacs (₹ 10.75 lacs) lying as Margin money deposit having restrictive use.

Note : The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS-3) on Cash Flow Statement.

As per our report of even date.

For Ray & Ray

Chartered Accountants

ICAI Firm Registration Number : 301072E

Nabanita Ghosh

Partner

Membership No.: 058477

Place: Kolkata

Date : May 25, 2016

Sanu Agarwal
Company Secretary

Bhikam Chand Mishra
Chief Financial Officer

As Approved,
For and on behalf of the Board of Directors

A. Sankaranarayanan
Director

Uttam Bose
Director

Notes to financial statements for the year ended March 31, 2016

1.0 Nature of Operation :

Hindustan Motors Limited having its manufacturing facilities at Uttarpara and Pithampur, is primarily engaged in the manufacture and sale of Vehicles, Spare Parts of Vehicles, Steel Products and Components. The Company is also engaged in Trading of Spare Parts of Vehicles.

1.1 Basis of Preparation :

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1.2 Significant Accounting Policies :

(i) Revenue Recognition :

- (a) Revenue from sale of goods and services rendered is recognised upon passage of title and rendering of services to the customers.
- (b) Insurance and other claims, to the extent considered recoverable, are accounted for in the year of claim. However, claims and refunds whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance basis.
- (c) Interest is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.
- (d) Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

(ii) Fixed Assets :

- (a) Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat and Value Added Tax credits), taxes, incidental expenses, erection / commissioning expenses and technical know-how fees etc. up to the date the asset is ready for its intended use, less accumulated depreciation and impairment losses, if any. In case of revaluation of fixed assets, the original cost as written up by the valuer is considered in the accounts.
- (b) Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual useful lives of the respective assets.
- (c) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external / internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the respective assets. The estimated future cash flows considered for determining the value in use are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets.
- (d) Assets awaiting disposal are valued at lower of written down value and net realisable value and disclosed separately.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

(iii) Foreign Currency Transactions :

(a) **Initial Recognition** :

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

(b) **Conversion** :

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) **Exchange Differences** :

Exchange differences arising on the settlement / conversion of monetary items are recognised as income or expenses in the year in which they arise.

(d) **Forward Exchange contracts not intended for trading or speculation purpose** :

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of respective contracts. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(iv) Depreciation :

(a) Depreciation on fixed assets including revalued assets is provided on Straight Line Method, over the estimated useful lives of the respective assets, as specified in schedule II of the Companies Act, 2013 except for vehicles used for Research and Development purpose, which are depreciated @ 20% p.a. which was higher than the rate prescribed under Schedule II of the Companies Act, 2013.

(b) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

(c) Technical Know-how fees included under the head "Intangible Assets" are amortised over the period of respective agreements or over the useful life of 10 years, whichever is lower. Other Intangible Assets are amortised over a period of three to five years on a straight line basis, being their estimated useful lives.

(d) Depreciation includes the amount amortised in respect of leasehold land over the respective lease period.

(e) Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the month of addition / disposal.

(f) In case of impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(v) Fixed Assets acquired under leases :

(a) **Finance Lease** :

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability

Notes to financial statements for the year ended March 31, 2016 (Contd.)

so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Expenses account.

(b) **Operating Lease :**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

(vi) **Intangibles :**

(a) Technical Know - how fees / acquired computer software and licenses are capitalized on the basis of costs incurred to bring the specific intangibles to its intended use.

(b) **Research and Development Costs**

Research and Development costs are expensed, except for certain development expenses which are capitalized if commercial and technological feasibility criteria are met. Expenditure already charged to Statement of Profit and Loss is not restated.

(vii) **Investments :**

(a) Investments that are readily realizable and intended to be held for not more than one year, are classified as current investments. All other investments are classified as long-term investments.

(b) Current Investments are stated at lower of cost or market rate on individual investment basis. Long Term Investments are considered "at cost", unless there is other than temporary decline in value thereof, in which case, adequate provision is made against such diminution in the value of investments.

(c) Investments in equity shares of foreign companies are considered at the exchange rates prevailing on the date of their acquisition.

(viii) **Inventories :**

(a) Inventories are valued at lower of cost, computed on annual weighted average basis, and net realisable value.

(b) The closing stock of materials inter-transferred from one unit to another is valued at cost or net realisable value whichever is lower.

(c) Net realisable value is the selling price in the ordinary course of business, less costs of completion and costs necessary to make the sale.

(d) Cost of finished goods and work in progress include direct materials, labour and an appropriate proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

(ix) **Excise Duty & Customs Duty :**

Excise Duty on Finished Goods stock lying at the factories is accounted for at the point of manufacture of goods and is accordingly considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, Customs Duty on Imported Materials in transit / lying in Bonded Warehouse is accounted for at the time of import / bonding of materials.

(x) **Cash & Cash Equivalents :**

Cash and Cash equivalents comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Notes to financial statements for the year ended March 31, 2016 (Contd.)**(xi) Derivative Instruments :**

Derivative instruments, except for forward exchange contracts, which are not intended for trading or speculation but as hedge for underlying transactions, are accounted as per ICAI announcement. Derivative contracts, other than those covered under Accounting Standard - 11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effects on the underlying hedge item, is charged to the income statement. Net gains are ignored.

(xii) Retirement & other Employee Benefits :**(a) Defined Contribution plans :**

Company's contributions to Provident Fund and Superannuation Scheme are charged to Statement of Profit & Loss of the year when the contributions to the respective Funds are due. The Company has no obligations other than the contributions payable to the respective Funds.

(b) Defined benefit and long term employee benefit plans :

Gratuity liability and compensated leave liability in the form of accumulated leaves are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done on Projected Unit Credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit & Loss as income or expense.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The Company presents the leaves as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non-current liability. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

(xiii) Borrowing Costs :

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as finance costs in terms of the Accounting Standard 16 are considered as borrowing cost.

(xiv) Provisions :

A provision is recognised when an enterprise has a present obligation as a result of past event and 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.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

(xv) Taxation :

(a) Tax expenses comprise of current & deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

- (b) Deferred tax is accounted for using the tax rates and laws that have been substantively enacted at the Balance Sheet date. Deferred tax assets are recognised 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 realised. If the Company has carry forward unabsorbed depreciation and tax losses, all deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.
- (c) At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(xvi) Segment Reporting :

(a) Identification of Segments :

The Company has identified that its business segments are the primary segments. The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

(b) Allocation of Common Costs :

Common allocable costs are allocated to each segment on case to case basis applying the ratio appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under the head "Unallocated - Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

(xvii) Product related Warranty Claims :

Provision for product related warranty 'costs' is based on the claims received up to the year end as well as the management estimates of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

(xviii) Contingencies :

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.

(xix) Earnings per share :

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xx) Use of Estimates :

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
A. SHAREHOLDERS' FUND		
NOTE 2 : SHARE CAPITAL		
Authorised		
33,00,00,000 (33,00,00,000) Equity Shares of ₹ 5 each	16500.00	16500.00
55,00,000 (55,00,000) Unclassified Shares of ₹ 100 each	5500.00	5500.00
	<u>22000.00</u>	<u>22000.00</u>
Issued		
20,90,76,597 (20,90,76,597) Equity Shares of ₹ 5 each	<u>10453.83</u>	<u>10453.83</u>
Subscribed and Paid-up		
20,86,59,293 (20,86,59,293) Equity Shares of ₹ 5 each fully paid up	10432.96	10432.96
Add : Forfeited Shares (amount originally paid-up)	8.48	8.48
	<u>10441.44</u>	<u>10441.44</u>

- a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

Equity Shares - Subscribed and Paid up (Nos.)

At the beginning of the year	20,86,59,293	18,47,71,993
Add : Issue of Equity Shares during the year	—	2,38,87,300
Outstanding at the end of the year	20,86,59,293	20,86,59,293

- b) **Terms / Rights attached to Equity Shares**

The Company has only one class of equity shares issued and subscribed of face value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders. In the event of declaration of dividend by the Company, approval of shareholders will be required in its Annual General Meeting.

- c) As per records of the Company, details of Shareholders holding more than 5% Equity Shares in the Company as on the balance sheet date.

Name of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
National Bearing Co. (Jaipur) Ltd.	2,26,12,354	10.84%	2,26,12,354	10.84%
Central India Industries Ltd.	1,84,00,600	8.82%	1,84,00,600	8.82%
ICICI Bank Ltd.		*	1,07,43,600	5.15%

* Less than 5% Shares.

As per records of the Company, including its register of Shareholders / Members and other declarations received from Shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of Shares.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
A. SHAREHOLDERS' FUND		
NOTE 3 : RESERVES AND SURPLUS		
a) Capital Reserve		
As per last account	3.53	3.53
b) Securities Premium Account		
As per last year	2771.60	1711.00
Add : Received on Issue of Shares	–	1060.60
	<u>2771.60</u>	<u>2771.60</u>
c) Revaluation Reserve		
As per last account	729.82	729.82
Less : Adjusted towards assets sold / Discarded	1.34	–
	<u>728.48</u>	<u>729.82</u>
d) Central Subsidy		
As per last account	15.00	15.00
e) Surplus / (Deficit) in the Statement of Profit and Loss		
As per last account	(20100.99)	(15199.83)
Add: Adjusted on account of Schedule II of Companies Act, 2013 [Refer Note 1.2 (i)(a)]	–	(710.93)
Add: Profit / (Loss) for the period	(3204.47)	(4190.23)
	<u>(23305.46)</u>	<u>(20100.99)</u>
	<u>(19786.85)</u>	<u>(16581.04)</u>

Note :

In view of the loss for the year as well as accumulated loss, the Company has not created Debenture Redemption Reserve in respect of 10.25% Secured Non-convertible Debentures issued during the previous year.

B. NON-CURRENT LIABILITIES**NOTE 4 : LONG TERM BORROWINGS****SECURED**

Privately Placed Non-Convertible Debentures		
20,53,00,000 (20,53,00,000) 10.25% Secured Non-Convertible Debentures of ₹ 0.33 each (₹ 0.67 each)	684.33	1368.67
	<u>684.33</u>	<u>1368.67</u>

Note :

10.25% Debentures of ₹ 2053.00 lacs are redeemable in three equal installments of ₹ 684.33 lacs each alongwith interest on September 29, 2015, September 29, 2016 & September 29, 2017. These Debentures will be secured by a charge on the assets of Uttarpara Plant.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
B. NON-CURRENT LIABILITIES		
NOTE 5 : DEFERRED TAX LIABILITY (NET)		
Deferred tax liability arising on account of :		
Timing Difference in Depreciable Assets	439.16	451.05
Deferred tax assets arising on account of :		
Expenses allowable against taxable income in future years	2206.97	1910.47
Unabsorbed depreciation and carried forward business losses	4541.07	3998.54
	<u>6748.04</u>	<u>5909.01</u>
	(6308.88)	(5457.96)
Less : Deferred Tax Asset not recognised (Refer Note below)	<u>6308.88</u>	<u>5457.96</u>
	<u>-</u>	<u>-</u>
In terms of accounting policy (1.2)(xv)(b) followed by the Company, deferred tax assets of ₹ 6308.88 lacs (₹ 5457.96 lacs) have not been recognised.		
NOTE 6 : OTHER LONG TERM LIABILITIES		
Amount payable under Voluntarily Retirement Schemes	-	2.45
Security and Other Deposits	147.06	152.87
	<u>147.06</u>	<u>155.32</u>
NOTE 7 : LONG-TERM PROVISIONS		
Gratuity (Refer Note 36)	41.32	473.80
Leave Liability (Refer Note 36)	125.54	266.19
	<u>166.86</u>	<u>739.99</u>
NOTE 8 : SHORT TERM BORROWINGS		
SECURED		
From Banks		
Cash Credits	280.90	238.87
Note :		
1. Cash Credits facilities from Banks ₹ 280.90 lacs (₹ 238.87 lacs) together with interest and other charges thereon, are secured by a mortgage on a part of the Company's land together with other immovable assets thereon, both present and future, and by way of a hypothecation charge over all the movable assets including book debts of the Company. Cash Credit is repayable on demand and carries interest @ 10.397% to 16.20% p.a. on monthly rest. The charges referred above rank pari-passu amongst various Banks.		
2. Cash Credit limit excludes ₹ 13259967 being the Bank Guarantee for electricity bill invoked during the year by UCO Bank.		
NOTE 9 : TRADE PAYABLES		
Goods and Services	<u>2526.85</u>	<u>2516.51</u>
(Refer Note 34 for details of dues to micro and small enterprises)		

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
C. CURRENT LIABILITIES		
NOTE 10 : OTHER CURRENT LIABILITIES		
Current maturities of Long-Term Borrowings :		
Sales Tax Deferral Credit	1791.50	1791.50
Privately Placed Non- Convertible Debenture	1030.60	684.33
Current portion of amount payable under		
Voluntarily Retirement Schemes	70.36	67.75
Interest accrued on borrowings :		
Due	180.00	51.71
Not due	63.99	95.47
Advance against Sales-Sale of Fixed Assets	105.86	-
Statutory dues payable	3528.17	2716.71
Payable against Purchase of Fixed Assets	53.00	53.00
Liabilities for Expenses on Employee Benefits	1969.01	793.04
Liabilities for Other Expenses	991.58	954.29
Other Payables	751.56	778.06
Security and Other Deposits	14.43	14.44
Investor Education and Protection Fund *		
Unpaid Dividend	1.95	1.95
	<u>10552.01</u>	<u>8002.25</u>

* Amount not deposited as the cases are sub-judice.

Note :

- Sales tax deferral credit (STDC) of ₹ 1791.50 lacs as detailed below, which became due but has not been paid as on the Balance Sheet date. Sales Tax Deferral Credit is interest free.

Due date	₹ in lacs	
	<u>STDC Amount</u>	<u>Interest on unpaid STDC Amount</u>
STDC amount became due in the previous period ended March 31, 2015	<u>1791.50</u>	<u>811.17</u>

- 1st Installment of N.C Debenture, which became due on Sept. 29, 2015 but has not been paid as on the Balance Sheet date.

Principal amount	346.27
Interest amount	120.53

NOTE 11 : SHORT-TERM PROVISIONS

Leave Liability (Refer Note 36)	7.31	12.16
Warranties (Refer Note 32)	-	14.34
Provision for Taxation [Net of tax deducted at source of ₹ 97.86 lacs (₹ 97.86 lacs)]	138.71	138.71
	<u>146.02</u>	<u>165.21</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)**NOTE 12 : FIXED ASSETS**

₹ in lacs

Particulars	Tangible Assets							Intangible Assets			
	Freehold Land	Leasehold Land	Buildings (a) & (b)	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software	Product Development	Total
At Cost or Revalued Amount											
<i>As at March 31, 2014</i>	660.08	17.72	4216.48	17753.06	345.15	401.56	418.40	23812.45	166.01	206.69	372.70
Additions	—	—	—	—	—	0.51	—	0.51	—	—	—
Disposals	—	—	—	80.89	13.94	24.86	173.75	293.44	—	—	—
<i>As at March 31, 2015</i>	660.08	17.72	4216.48	17672.17	331.21	377.21	244.65	23519.52	166.01	206.69	372.70
Additions	—	—	—	—	—	—	—	—	—	—	—
Disposals	—	—	33.56	—	4.22	37.84	112.15	187.77	—	—	—
<i>As at March 31, 2016</i>	660.08	17.72	4182.92	17672.17	326.99	339.37	132.50	23331.75	166.01	206.69	372.70
Depreciation											
<i>As at March 31, 2014</i>	—	4.69	3358.38	15785.16	318.57	340.39	284.91	20092.10	157.49	26.89	184.38
Adjusted on account of Schedule II of Companies Act, 2013	—	—	268.89	401.10	10.80	28.95	1.19	710.93	—	—	—
Charge for the period	—	0.19	50.17	78.36	1.48	7.27	29.88	167.35	1.66	41.34	43.00
Disposals	—	—	—	76.17	12.52	22.87	125.43	236.99	—	—	—
<i>As at March 31, 2015</i>	—	4.88	3,677.44	16,188.45	318.33	353.74	190.55	20733.39	159.15	68.23	227.38
Charge for the period	—	0.19	54.17	72.32	1.12	3.31	15.07	146.18	1.65	41.34	42.99
Disposals	—	—	31.89	—	3.76	35.95	93.57	165.17	—	—	—
<i>As at March 31, 2016</i>	—	5.07	3,699.72	16,260.77	315.69	321.10	112.05	20714.40	160.80	109.57	270.37
Net Block											
<i>As at March 31, 2015</i>	660.08	12.84	539.04	1483.72	12.88	23.47	54.10	2786.13	6.86	138.46	145.32
<i>As at March 31, 2016</i>	660.08	12.65	483.20	1411.40	11.30	18.27	20.45	2617.35	5.21	97.12	102.33

Notes :

- (a) Includes ₹ 4.50 Lacs (₹ 4.50 Lacs) being the value of shares in Co-operative Housing Societies.
(b) Includes proportionate cost of a part of Building (on leasehold land) and Other Assets amounting to ₹ 0.87 Lacs (₹ 0.87 Lacs) held in Joint Ownership basis with others at Kolkata.
(c) Land and Buildings at Uttarpara Unit were revalued during the year ended 31 March, 1984 and the resulting surplus thereon, was transferred to Revaluation Reserve.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

				₹ in lacs	
				As at March 31, 2016	As at March 31, 2015
D. NON-CURRENT ASSETS					
NOTE : 13 NON CURRENT INVESTMENTS					
		Number of Shares	Face Value Per Share ₹		
OTHER THAN TRADE-FULLY PAID (UNQUOTED) (AT COST)					
GOVERNMENT SECURITIES					
12 Year National Planning Certificates				0.02	0.02
12 Year National Defence Certificates				0.02	0.02
National Saving Certificates (Matured but pending encashment)				0.06	0.06
				<u>0.10</u>	<u>0.10</u>
EQUITY SHARES					
Birla Buildings Limited	30000	(30000)	10	3.00	3.00
Pithampur Auto Cluster Limited	50000	(50000)	10	5.00	5.00
Bengal Shriram Hitech City Private Limited	2000	(2000)	10	0.20	0.20
AVTEC Limited	10000	(10000)	10	5.64	5.64
				<u>13.84</u>	<u>13.84</u>
EQUITY SHARES IN SUBSIDIARY COMPANY					
Common Stock					
Hindustan Motors Limited, USA (Incorporated in the State of Delaware, USA)	100000	(100000)	US \$4	163.09	163.09
Less : Diminution in the value of Investment				163.09	163.09
				<u>-</u>	<u>-</u>
				<u>13.94</u>	<u>13.94</u>
NOTE 14 : LONG-TERM LOANS AND ADVANCES					
Unsecured considered good					
Advance payment of Income Tax and Refunds Receivable (Net of provisions)				19.70	135.07
Deposits with Government Department and Others				61.05	63.41
Sales tax, VAT and Other Refunds Receivable (Including amount paid under appeal)				346.07	346.77
				<u>426.82</u>	<u>545.25</u>
Unsecured considered doubtful					
Deposits with Government Department and Others				91.39	91.39
Sales tax, VAT and Other Refunds Receivable (Including amount paid under appeal)				55.24	55.24
				<u>146.63</u>	<u>146.63</u>
Less : Provision for Doubtful Loans and Advances				146.63	146.63
				<u>-</u>	<u>-</u>
				<u>426.82</u>	<u>545.25</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
D. NON-CURRENT ASSETS		
NOTE 15 : OTHER NON-CURRENT ASSETS		
Unsecured Considered Doubtful		
Export Incentives Receivable	1.51	1.51
Less : Provision for Doubtful Claims	1.51	1.51
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
E. CURRENT ASSETS		
NOTE 16 : INVENTORIES		
At lower of cost and net realisable value		
Stores and Spares	50.37	65.29
Loose Tools	51.77	63.54
Raw Materials and Components	297.37	418.27
Goods under process*	178.00	342.90
Finished Goods*	36.76	61.98
Traded Goods	85.26	102.26
	<u>699.53</u>	<u>1054.24</u>
	<u>699.53</u>	<u>1054.24</u>
* Refer Note 25 for break-up.		
NOTE 17 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months from the date they are due		
Considered good		
Secured	36.24	36.52
Unsecured	70.72	96.00
Considered doubtful - Unsecured	41.54	21.06
	<u>148.50</u>	<u>153.58</u>
Less : Provision for Doubtful Trade Receivables	41.54	21.06
	<u>106.96</u>	<u>132.52</u>
Other Debts Considered good		
Unsecured	10.92	3.02
	<u>117.88</u>	<u>135.54</u>
	<u>117.88</u>	<u>135.54</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
E. CURRENT ASSETS		
NOTE 18 : CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash-on-hand	0.25	0.54
Balances with Banks		
Current Account	2.51	8.76
Unpaid Dividend Account	1.95	1.95
Remittances in transit	—	1.51
	4.46	12.22
	4.71	12.76
Other Bank Balances		
Margin Money Deposits	—	10.75
	4.71	23.51
	4.71	23.51
NOTE 19 : SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good		
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	173.09	265.45
Sales tax, VAT and Other refunds receivable	31.33	37.55
Balances with Customs, Port Trust & Other Government Departments	97.33	83.79
Prepaid Expenses	10.38	9.95
	312.13	396.74
Unsecured considered doubtful		
Loan to Hindustan Motors Limited, USA, a Subsidiary Company	107.65	107.65
Advances recoverable in cash or in kind or for value to be received or pending adjustments	46.03	51.95
	153.68	159.60
Less : Provision for Doubtful Loans and Advances	153.68	159.60
	—	—
	312.13	396.74
	312.13	396.74
NOTE 20 : OTHER CURRENT ASSETS		
Unsecured considered good		
Interest accrued on Deposits	—	0.23
Other Receivables	863.93	1946.32
	863.93	1946.55
	863.93	1946.55

Notes to financial statements for the year ended March 31, 2016 (Contd.)

₹ in lacs

2015-2016 2014-2015

A. INCOME**NOTE 21 : REVENUE FROM OPERATIONS**

Sale of Products (Including traded)				
Vehicles	25.31		824.12	
Spare Parts of Vehicles	—	25.31	656.17	1480.29
Job Work Income		—		129.03
Other Operating Revenues		62.05		85.29
		<u>87.36</u>		<u>1694.61</u>

Notes :

- Sales includes excise duty, delivery charges and is after adjusting discounts.
- Sales is net off sales return during the current year against sales made in earlier years ₹ Nil (₹ 29.42 lacs).
- Traded goods (Vehicles and Spare parts) have been included above.

NOTE 22 : OTHER INCOME

Interest on Debts, Deposits, Advances etc.		5.95		6.85
Dividend Income on Non Current Investments (Other than Trade)		1.50		1.20
Unspent Liabilities and Provisions no longer required written back		104.10		439.01
Net gain on sale of fixed assets		—		6.60
Other Non-Operating income		44.89		134.56
		<u>156.44</u>		<u>588.22</u>

B. EXPENSES**NOTE 23 : COST OF RAW MATERIALS AND COMPONENTS CONSUMED**

Opening Stock		418.27		579.69
Add: Purchases		2.52		847.67
		420.79		1427.36
Less: Closing Stock		297.37		418.27
		<u>123.42</u>		<u>1009.09</u>

Note : Consumption of Raw Materials and Components includes profit / loss on sale thereof and provision for obsolesces of Raw material & Components (Refer note 42 & 45).

DETAILS OF RAW MATERIALS AND COMPONENTS CONSUMED

Steel Sheets, Plates and Flat Steel		19.06		21.04
Bar, Billets, Channels and Angles		3.24		1.26
Tyres and Tubes		0.11		20.04
Power Units		—		68.42
Other Components and Production Stores (including processing charges) (each being less than 10% of total value of consumption)		101.01		898.33
		<u>123.42</u>		<u>1009.09</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)

₹ in lacs

	2015-2016	2014-2015
B. EXPENSES		
NOTE 24 : PURCHASE OF TRADED GOODS		
Spare Parts of Vehicles	—	89.12
	—	89.12
NOTE 25 : DECREASE IN STOCKS		
Closing Stock		
Goods under Process		
Vehicles	121.52	267.75
Steel Products and Components	56.48	75.15
Finished Goods		
Vehicles	17.29	40.67
Spare Parts of Vehicles	19.47	21.31
Traded Goods		
Spare Parts of Vehicles	85.26	102.26
	300.02	507.14
Opening Stock		
Goods under Process		
Vehicles	267.75	374.56
Steel Products and Components	75.15	127.48
Finished Goods		
Vehicles	40.67	130.19
Spare Parts of Vehicles	21.31	27.88
Traded Goods		
Spare Parts of Vehicles	102.26	127.16
	507.14	787.27
	207.12	280.13
NOTE 26 : EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	976.20	2269.15
Contribution to Provident, Gratuity & Other Funds	416.95	421.15
Welfare Expenses	19.11	81.17
	1412.26	2771.47
NOTE 27 : FINANCE COSTS		
Interest Expense	1028.36	756.52
Bank charges and Others	7.20	25.96
	1035.56	782.48
NOTE 28 : DEPRECIATION AND AMORTISATION EXPENSE		
On Tangible Assets	146.18	167.35
On Intangible Assets	42.99	43.00
	189.17	210.35

Notes to financial statements for the year ended March 31, 2016 (Contd.)

₹ in lacs

	2015-2016	2014-2015
B. EXPENSES		
NOTE 29 : OTHER EXPENSES		
Consumption of Stores and Spares	26.68	82.20
Increase / (Decrease) in Excise duty on Stocks	(2.23)	(18.18)
Fuel and Electricity (Net)	17.92	377.44
Rent and Hire charges	17.64	35.77
Building Repairs	8.93	18.10
Machinery Repairs	0.17	1.42
Insurance	7.36	12.01
Rates and Taxes	121.56	108.06
Advertising , Selling expenses and Claims (Net)	0.76	9.88
Delivery Charges, Freight & Transportation	0.91	–
Auditors' Remuneration:		
As auditor		
Audit fee	4.00	15.00
Limited review fee	3.00	11.00
Certification and other services fee	–	0.95
Out of pocket expenses	–	2.96
In Other capacity		
Tax audit fee	1.00	3.50
Exchange Rate Difference (Net)	–	15.41
Directors' Travelling	1.72	3.43
Cost Auditors' Remuneration	–	3.00
Legal and Professional Service charges	163.77	288.86
Travelling & Conveyance	8.54	13.26
Motor Car	3.17	10.80
Printing & Stationery	25.96	39.34
Membership & Subscription	16.64	15.39
Directors' Remuneration	4.40	7.10
Factory Sanitation & Cleaning	4.41	3.49
Miscellaneous Expenses	20.40	72.33
Provision for Doubtful Debts, Claims and Advances	20.47	3.68
Less: Written back	5.92	2.70
Irrecoverable Debts, Claims and Advances written off	–	425.54
Less: Adjusted against provision	–	413.29
Net Loss on Fixed Assets sold / discarded	3.41	–
	<u>474.67</u>	<u>1145.75</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
30. Contingent Liabilities not provided for in respect of :		
(a) Claims & Government demands against the Company not acknowledged as debts.		
i) Excise Duty	5659.18	3094.88
ii) Sales Tax	6157.21	5962.29
iii) Customs Duty	394.96	373.50
iv) Service Tax	1085.73	951.33
v) Others	1130.95	1109.24

The Company does not expect any major impact to arise out of the above claims / demands. Against the above claims / demands, payments have been made under protest and / or debts have been withheld by the respective parties, to the extent of ₹ 369.77 lacs (₹ 379.92 lacs).

Included in the above are contingent liabilities to the extent of ₹ 1187.20 lacs (₹1187.20 lacs) relating to the pre-transfer period of the erstwhile Power Unit Plant and Power Products Division of the Company, which were transferred to AVTEC Limited in June 2005, ₹ 502.21 lacs (₹ 502.21 lacs) relating to the pre-transfer period of the erstwhile Earthmoving Equipment Division of the Company, which was transferred to Caterpillar India Private Limited in February 2001 and ₹ 1814.41 lacs (₹ 1681.81 lacs) relating to the pre-transfer period of the erstwhile Chennai Car Plant of the Company, which has been transferred to Hindustan Motor Finance Corporation Limited in March 2014. However, demands to the extent of ₹ 667.29 lacs (₹ 667.29 lacs) in case of erstwhile Power Unit Plant are covered by counter guarantees by the customers.

- | | | |
|---|--------|--------|
| (b) Outstanding Bank Guarantees for import of materials and other accounts. | 132.60 | 132.60 |
| (c) Bonus for the years 1963-64 to 1967-68 at Uttarpara unit is under adjudication (amount indeterminate). The Company contends that no liability exists in this regard under the Payment of Bonus Act, 1965. | | |
| (d) Demands for incremental Dearness Allowance during the years 2001 to 2007 at Uttarpara Unit are under adjudication (amount not ascertained). However, majority of the employees unions have filed joint petition for withdrawal of the case. | | |

31. Earnings per Share (EPS)

In terms of Accounting Standard 20, the calculation of EPS is given below :-

	₹ in lacs	
	2015-16	2014-15
Profit/(Loss) after tax as per Statement of Profit & Loss	(3204.47)	(4190.23)
Weighted average No. of Equity Shares outstanding during the period	208659293	208659293
Weighted number of potential Equity Shares	208659293	208659293
Nominal value of Shares (₹)	5	5
Basic EPS (₹)	(1.54)	(2.13)
Diluted EPS (₹)	(1.54)	(2.13)

Notes to financial statements for the year ended March 31, 2016 (Contd.)

32. Movement in Provisions for Warranties is as follows :

₹ in lacs			
<i>As at April 01, 2015</i>	Amount utilised	Amount written back	As at March 31, 2016
14.34	0.27	14.07	–
(43.74)	(29.40)	–	(14.34)

33. The Company has the following un-hedged exposures in foreign currencies as at the year end :

₹ in lacs			
<u>Sr. No.</u>	<u>Particulars</u>	<u>As at March 31, 2016</u>	<u>As at March 31, 2015</u>
(i)	Trade Payable	41.60	41.60
(ii)	Trade Receivables	10.52	10.52

34. Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under :

₹ in lacs		
	<u>2015-2016</u>	<u>2014-2015</u>
(i) Principal amount remaining unpaid to any supplier at the end of accounting period	292.46	292.46
(ii) Interest due on above	48.03	57.67
Total of (i) & (ii)	340.49	350.13
(iii) Amount of interest paid/ adjusted by the Company to the suppliers	3.19	0.41
(iv) Amounts paid to the suppliers beyond the respective due date	–	90.08
(v) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	–	–
(vi) Amount of interest accrued and remaining unpaid at the end of accounting period	611.71	566.88
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	–	–

Notes to financial statements for the year ended March 31, 2016 (Contd.)

35. Details of Research Costs :

₹ in lacs

Particulars	Capital Expenditure		Revenue Expenditure	
	2015-16	2014-15	2015-16	2014-15
Uttarpara Unit (UTP) (upto May 23, 2014)	–	–	–	23.54
Pithampur Plant (PTP) (upto December 3, 2014)	–	–	–	1.20
	–	–	–	24.74

36. Disclosure for the year ended March 31, 2016 under Accounting Standard–15 (Revised) on 'Employee Benefits'

₹ in Lacs

	<u>2015-16</u>	<u>2014-15</u>
A. Defined Contribution Plan		
Contribution to Provident Fund	12.36	104.13
Contribution to Superannuation Fund	0.87	5.16

B. Defined Benefit Plan

The Company has a Defined Benefit Gratuity Plan / Long Term Compensated Leave. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme is funded with an Insurance Company. The following table summarises the components of net benefit expenses recognised in Statement of Profit and Loss and the funded status and amount recognised in the Balance Sheet for the respective plan / Long Term Compensated Leave.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

₹ in lacs

Sl.	Particulars	2015-16		2014-15	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
I	Net Employee Expense / (Benefit)				
1	Current Service Cost	26.73	15.83	52.99	31.33
2	Interest cost on benefit obligation	70.19	11.69	137.47	33.41
3	Expected return on Plan Assets	(44.49)	–	(158.21)	
4	Net Actuarial (gain)/loss recognised in the period	(479.83)	71.97	51.72	4.97
5	Total employee expenses recognised in Statement of Profit and Loss	(427.40)	99.49	83.97	69.71
II	Actual Return on Plan Assets	42.64	–	122.53	–
III	Benefit Asset/(Liability)				
1	Defined benefit obligation	480.30	–	1006.59	–
2	Fair Value of Plan Assets	438.98	–	532.79	–
3	Benefit Asset/(Liability)	(41.32)	–	(473.80)	–
IV	Movement in Benefit Liability				
1	Opening defined benefit obligation	1006.59	278.35	2636.64	626.64
2	Interest Cost	70.19	11.69	137.47	33.41
3	Current Service Cost	26.73	15.83	52.99	31.33
4	Benefits paid	(141.54)	(245.00)	(1836.55)	(418.00)
5	Actuarial (gains) / losses on obligation	(481.67)	71.97	16.05	4.97
6	Closing benefit obligation	480.30	132.84	1006.59	278.35
V	Movement in Fair Value of Plan Assets				
1	Opening fair value of Plan Assets	532.79	–	1757.84	–
2	Expected Return on Plan Assets	44.49	–	158.20	–
3	Contribution by employer	5.07	–	488.97	–
4	Benefits paid	(141.54)	–	(1836.55)	–
5	Actuarial gains / (losses) on Plan Assets	(1.83)	–	(35.67)	–
6	Closing fair value of Plan Assets	438.98	–	532.79	–
VI	The Principal actuarial assumptions are as follows				
1	Discount Rate	7.50%	7.50%	8.00%	8.00%
2	Salary increase	1.00%	1.00%	1.00%	1.00%
3	Withdrawal Rate	Varying between 1% and 2% per annum depending upon duration and age of the employees			
4	Expected rate of return on Plan assets	8.35%		9.00%	
VII	The major categories of Plan Assets as a percentage of fair value of the total Plan Assets				
	Investment with Insurer	100%		100%	

Notes to financial statements for the year ended March 31, 2016 (Contd.)

₹ in lacs

VIII Amounts for the current and previous year are as follows :						
Defined Benefit Gratuity Plan		2015-16	2014-15	2013-14	2012-13	2011-12
1	Defined benefit obligation	480.30	1006.59	2636.64	2761.90	2275.24
2	Plan Assets	438.98	532.79	1757.84	2040.57	1914.10
3	Surplus / (Deficit)	(41.32)	(473.80)	(878.80)	(721.33)	(361.14)

- Note :** a) The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
b) The Company expects to contribute ₹ 42.64 lacs (₹ 122.53 lacs) to Gratuity fund for 2016-17.
c) Experience adjustment on plan assets & liabilities has been considered in the valuation report as certified by the actuary, which is not readily available and hence not disclosed separately.

37. Related Party Disclosures :**(a) Name of the related parties :**

Subsidiary Company	Hindustan Motors Limited, U.S.A. (HML,USA)
Key Management Personnel*	Mr. Moloy Chowdhury, Manager (up to June 15, 2015) Mr. Ajay Kumar Bansal, Chief Executive Officer (from November 02, 2015 to May 13, 2016) Mr. Tarun Kumar Kabra, Company Secretary (up to December 31, 2015) Mr. Bhikam Chand Mishra, Chief Financial Officer

- (b) Aggregated Related Party Disclosures as at and for the year ended March 31, 2016 are as follows. (Transactions have taken place on arm's length basis).

₹ in lacs

Nature of Transactions	Subsidiary Company HML (USA)	Key Managerial Personnel*	Total
Salaries, Allowances, Provident Fund and Others	– (–)	79.12 (176.85)	79.12 (176.85)
Sale of Motor Car	– –	2.00 (–)	2.00 (–)
Balance Outstanding at Period end			
Trade Receivable	5.43 (5.12)	– (–)	5.43 (5.12)
Trade Payables	9.25 (8.73)	– (–)	9.25 (8.73)

*Excluding ₹ 5.13 lacs being the payment made to Mr. Uttam Bose, the then Managing Director of the Company in relation to performance variable pay for the period 1st April, 2014 to 9th May, 2014.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

38. As the Company's business activity falls within a single primary business segment viz, 'Automobiles' and there is no reportable secondary segment i.e. geographical segment, the disclosure requirement of Accounting Standard -17 "Segment Reporting" is not applicable.

	₹ in lacs	
	2015-16	2014-15
39. The following items are included under other heads in the Statement of Profit and Loss.		
Stores & Spares	-	0.39
40. C.I.F. Value of Imports		
Components and Spare Parts	-	459.23
41. Expenditure in Foreign Currency		
Other Matters	0.45	25.88
42. Value of Raw Materials and Components, Stores and Spares consumed during the year (including items shown under other heads of expenses, unserviceable and / or damaged items written down and / or written off) :		

	Raw Materials and Components				Stores and Spares			
	2015-16		2014-15		2015-16		2014-15	
	₹ in lacs	%	₹ in lacs	%	₹ in lacs	%	₹ in lacs	%
Indigenous	123.42	100	528.58	52	26.68	100	82.59	100
Imported								
a) CIF Value	-	-	459.23	46	-	-	-	-
b) Duty, Port charges, Transport etc.	-	-	21.28	2	-	-	-	-
	-	-	480.51	48	-	-	-	-
	123.42	100	1009.09	100	26.68	100	82.59	100

43. The operating results have been adversely affected due to adverse market conditions and the accumulated losses of the Company as at 31st March, 2016 stand at ₹ 23305.46 lacs as against the share capital of ₹ 10441.44 lacs. Also current liabilities as at 31st March, 2016 exceed current assets by ₹ 11507.60 lacs. The Company has already made reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 of the Sick Industrial Companies (Special Provision) Act, 1985. The reference has also been registered by BIFR and proceedings are going on. Further the Company has also declared "Suspension of work" at its Uttarpara plant w.e.f. May 24, 2014 & layoff at its Pithampur plant w.e.f. December 4, 2014. These conditions indicate the existence of material uncertainty about the Company's ability to continue as a going concern, which is dependent on the Company establishing profitable operations and sustainable cash flows. The Management is in the process of restructuring the operations including rationalizing the costs. The Management believes that these measures may result in sustainable cash flows and accordingly, the Company continues to prepare its accounts on a "Going Concern" basis.
44. During the year, the Company reached a compensation settlement with the permanent employees/workmen of the Company through a Voluntary Retirement Scheme (VRS) and paid Compensation ₹ 644 lacs which has been charged in employee benefits expense.
45. Due to low productivity, growing indiscipline, shortage of funds and lack of demand of products, the management has declared "Suspension of work" at Company's Uttarpara Plant with effect from May 24, 2014 and declared layoff at its Pithampur plant with effect from December 4, 2014 due to lack of orders. Based on legal opinion obtained, the employees and workmen, falling under the purview of "Suspension of work" at

Notes to financial statements for the year ended March 31, 2016 (Contd.)

Uttarpara plant, are not entitled to any salary & wages during that period and accordingly the Company has not provided for such salary & wages.

46. The financial statements of the Company for the financial year 2015-16 have been signed by two Non-Executive Directors, the Chief Financial Officer and the Company Secretary as there is no Chairperson, Managing Director or Chief Executive Officer on the basis of expert opinion obtained by the Company in this regard.
47. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our report of even date.

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

Nabanita Ghosh
Partner
Membership No.: 058477
Place: Kolkata
Date : May 25, 2016

Sanu Agarwal
Company Secretary

Bhikam Chand Mishra
Chief Financial Officer

As Approved,
For and on behalf of the Board of Directors

A. Sankaranarayanan
Director

Uttam Bose
Director

INDEPENDENT AUDITOR'S REPORT

To the Members of HINDUSTAN MOTORS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hindustan Motors Limited (hereinafter referred to as "the Holding Company") and its subsidiary company (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements") for the year then ended.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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) Rules, 2014. The respective Board of Directors of the companies included in the Group responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 thereunder.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, as at 31st March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following Note to the consolidated financial statements:

Note 43 to the consolidated financial statements which indicates that the net worth of the Company is fully eroded as at

31st March 2016, leading to a material uncertainty about the company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of one subsidiary company, whose financial statements reflect total assets of Rs.9.25 lacs as at 31st March, 2016, total revenues of Rs. 37.96 lacs and net cash flows amounting to Rs. nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of Sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, are not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1 As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books read with Note 48.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The going concern matter described in under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group Company.
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The Holding Company has only one subsidiary company incorporated in U.S.A. and accordingly, reporting on the adequacy of internal financial controls over financial reporting of the Group as envisaged in section 143(3) (i) of the Act, is not applicable.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 30 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. The instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company are indicated in Note 10 to the consolidated financial statements.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No.301072E)

Nabanita Ghosh
Partner
Membership No.: 58477

Place : Kolkata
Date : 25th May, 2016

Consolidated Balance Sheet as at March 31, 2016

		₹ in lacs	
	Notes	As at March 31, 2016	As at March 31, 2015
<u>EQUITY AND LIABILITIES</u>			
A. SHAREHOLDERS' FUNDS			
Share Capital	2	10441.44	10441.44
Reserves and Surplus	3	(19777.97)	(16610.33)
		(9336.53)	(6168.89)
B. NON-CURRENT LIABILITIES			
Long-Term Borrowings	4	684.33	1368.67
Deferred Tax Liability (Net)	5	-	-
Other Long-Term Liabilities	6	147.06	155.32
Long-Term Provisions	7	166.86	739.99
		998.25	2263.98
C. CURRENT LIABILITIES			
Short-Term Borrowings	8	280.90	238.87
Trade Payables	9	2517.60	2545.74
Other Current Liabilities	10	10552.01	8002.25
Short-Term Provisions	11	146.02	165.21
		13496.53	10952.07
		5158.25	7047.16
<u>ASSETS</u>			
D. NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	12	2617.35	2786.13
Intangible Assets	12	102.33	145.32
		2719.68	2931.45
Non-Current Investments	13	19.00	19.00
Long-Term Loans and Advances	14	426.82	545.25
Other Non-Current Assets	15	-	-
		3165.50	3495.70
E. CURRENT ASSETS			
Inventories	16	699.53	1054.24
Trade Receivables	17	112.45	130.42
Cash and Bank Balances	18	4.71	23.51
Short-Term Loans and Advances	19	312.13	396.74
Other Current Assets	20	863.93	1946.55
		1992.75	3551.46
		5158.25	7047.16

Significant Accounting Policies 1.2

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date.

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

Nabanita Ghosh
Partner
Membership No.: 058477
Place: Kolkata
Date : May 25, 2016

Sanu Agarwal
Company Secretary

Bhikam Chand Mishra
Chief Financial Officer

As Approved,
For and on behalf of the Board of Directors

A. Sankaranarayanan
Director

Uttam Bose
Director

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

	Notes	₹ in lacs	
		2015-2016	2014-2015
A. INCOME			
Revenue from Operations (Gross)	21	87.36	1694.61
Less : Excise Duty		6.07	184.67
Revenue from Operations (Net)		81.29	1509.94
Other Income	22	194.40	588.22
		275.69	2098.16
B. EXPENSES			
Cost of Raw Materials and Components Consumed	23	123.42	1009.09
Purchase of Traded Goods	24	-	89.12
Decrease (Increase) in Stocks	25	207.12	280.13
Employee Benefits Expense	26	1412.26	2771.47
Finance Costs	27	1035.56	782.48
Depreciation and Amortisation Expense	28	189.17	210.35
Other Expenses	29	474.67	1145.75
		3442.20	6288.39
Profit / (Loss) Before Tax		(3166.51)	(4190.23)
Tax Expenses			
Current Tax		-	-
Total Tax Expenses		-	-
Profit / (Loss) for the period		(3166.51)	(4190.23)
Earning per Equity Share (Nominal value of Share ₹ 5)	31		
Basic	₹	(1.52)	(2.13)
Diluted	₹	(1.52)	(2.13)
Significant Accounting Policies	1.2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date.

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

Nabanita Ghosh
Partner
Membership No.: 058477
Place: Kolkata
Date : May 25, 2016

Sanu Agarwal
Company Secretary

Bhikam Chand Mishra
Chief Financial Officer

As Approved,
For and on behalf of the Board of Directors

A. Sankaranarayanan
Director

Uttam Bose
Director

Consolidated Cash Flow Statement for the year ended March 31, 2016

₹ in lacs

	2015 - 2016	2014 - 2015
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT / (LOSS) BEFORE TAX	(3166.51)	(4190.23)
ADJUSTMENTS FOR :		
Depreciation and amortisation Expense	189.17	210.35
Interest Income	(5.95)	(6.85)
Finance Costs	1035.56	782.48
Unspent Liabilities and Provisions no longer required written back	(142.06)	(439.01)
Provision for doubtful debts and advances (Net)	14.55	0.98
Irrecoverable Debts, Claims and Advances written off	-	12.25
Unrealised Foreign Exchange Loss [Net]	-	15.41
Net (Gain)/Loss on Fixed Assets Sold/Discarded	3.41	(6.60)
Dividend Income	(1.50)	(1.20)
OPERATING (LOSS) BEFORE WORKING CAPITAL CHANGES	(2073.33)	(3622.42)
Movement in working capital		
Increase/(Decrease) in Other Long Term Liabilities	(8.26)	(287.55)
Increase/(Decrease) in Trade Payable and Other Current Liabilities	1882.54	(2721.94)
Increase/(Decrease) in Long Term provisions	(573.13)	(138.81)
Increase/(Decrease) in Short Term provisions	(19.19)	(643.88)
Decrease/(Increase) in Trade Receivables	3.42	1679.81
Decrease/(Increase) in Long Term Loans and Advances and Other Non-Current Assets	3.06	2185.94
Decrease/(Increase) in Short Term Loans and Advances and Other Current Assets	1167.00	6533.28
Decrease/(Increase) in Inventories	354.71	463.38
CASH USED IN OPERATIONS	736.82	3447.81
Add: Current Tax (Paid) / Refund (Net)	115.37	(131.00)
NET CASH USED IN OPERATING ACTIVITIES	852.19	3316.81
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	17.85	63.06
Dividend Received	1.50	1.20
Interest Received on Fixed Deposits and others	6.18	6.62
Purchase of Fixed Assets	-	(0.51)
Proceeds of Fixed Deposits	10.75	-
NET CASH GENERATED FROM INVESTING ACTIVITIES	36.28	70.37
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long-Term borrowings	-	(439.61)
Net Increase / (Decrease) in Intercompany Deposits and others	42.03	(1639.53)
Interest Paid	(938.55)	(1373.82)
NET CASH USED IN FINANCING ACTIVITIES	(896.52)	(3452.96)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(8.05)	(65.78)
CASH & CASH EQUIVALENTS - BEGINNING OF THE YEAR	12.76	78.54
CASH & CASH EQUIVALENTS - AT THE END OF THE YEAR	4.71	12.76
Cash and Cash Equivalents as above	4.71	12.76
Other Bank Balances	-	10.75
Cash and Bank Balances as per Note 18.	4.71*	23.51

* Includes ₹ 1.95 lacs (₹ 1.95 lacs) lying in Unpaid Dividend Account and ₹ Nil lacs (₹ 10.75 lacs) lying as Margin money deposit having restrictive use.

Note : The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard –3 on Cash Flow Statements as notified by Companies (Accounting Standard) Rules, 2006 (as amended).

As per our report of even date.

For **Ray & Ray**

Chartered Accountants

ICAI Firm Registration Number : 301072E

Nabanita Ghosh

Partner

Membership No.: 058477

Place: Kolkata

Date : May 25, 2016

Sanu Agarwal
Company Secretary

Bhikam Chand Mishra
Chief Financial Officer

As Approved,
For and on behalf of the Board of Directors

A. Sankaranarayanan
Director

Uttam Bose
Director

Notes to consolidated financial statements for the year ended March 31, 2016

1.0 Principles of consolidated financial statements :

The consolidated financial statements which relate to Hindustan Motors Limited, its subsidiary company ("the Group") have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after eliminating intra group balances, intra group transactions and any unrealised profit / loss included therein in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended).
- b) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
- c) The excess of cost to the Company over its investments in the subsidiary company is recognised in the financial statements as goodwill which is fully amortised.
- d) The subsidiary company considered in the financial statements are as follows :

Name	Country of Incorporation	% of Ownership as on 31.03.2016
Hindustan Motors Ltd.	Delaware, U.S.A.	100 (100)

- e) In terms of Accounting Standard 11, notified by the Companies (Accounting Standard) Rules, 2006 (as amended), exchange fluctuations on conversion of the accounts of foreign subsidiary have been taken to "Foreign Currency Translation Reserve" (Refer Note 3). The exchange rate considered for translation of financial statements of foreign subsidiary is considered at 1 US \$ = ₹ 66.3329 (1 US \$ = ₹ 62.5908)

1.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with Paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1.2 Significant Accounting Policies

(i) Revenue Recognition

- (a) Revenue from sale of goods and services rendered is recognised upon passage of title and rendering of services to the customers.
- (b) Insurance and other claims, to the extent considered recoverable, are accounted for in the year of claim. However, claims and refunds whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance basis.
- (c) Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (d) Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)

(ii) Fixed Assets :

- (a) Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat and Value Added Tax credits), taxes, incidental expenses, erection / commissioning expenses and technical know-how fees etc. up to the date the asset is ready for its intended use, less accumulated depreciation and impairment losses, if any. In case of revaluation of fixed assets, the original cost as written up by the valuer is considered in the accounts.
- (b) Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual useful lives of the respective assets.
- (c) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external / internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the respective assets. The estimated future cash flows considered for determining the value in use are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets.
- (d) Assets awaiting disposal are valued at lower of written down value and net realisable value and disclosed separately.

(iii) Foreign Currency Transactions :

(a) **Initial Recognition** :

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

(b) **Conversion** :

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) **Exchange Differences** :

Exchange differences arising on the settlement / conversion of monetary items are recognised as income or expenses in the year in which they arise.

(d) **Forward Exchange contracts not intended for trading or speculation purpose** :

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of respective contracts. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(iv) Depreciation :

- (a) Depreciation on fixed assets including revalued assets is provided on Straight Line Method, over the estimated useful lives of the respective assets, as specified in schedule II of the Companies Act, 2013 except for vehicles used for Research and Development purpose, which are depreciated @ 20% p.a. which was higher than the rate prescribed under Schedule II of the Companies Act, 2013.

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)

- (b) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
 - (c) Technical Know-how fees included under the head "Intangible Assets" are amortised over the period of respective agreements or over the useful life of 10 years, whichever is lower. Other Intangible Assets are amortised over a period of three to five years on a straight line basis, being their estimated useful lives.
 - (d) Depreciation includes the amount amortised in respect of leasehold land over the respective lease period.
 - (e) Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the month of addition / disposal.
 - (f) In case of impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- (v) Fixed Assets acquired under leases :**
- (a) **Finance Lease :**
Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Expenses account.
 - (b) **Operating Lease :**
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.
- (vi) Intangibles :**
- (a) Technical know - how fees / acquired computer software and licenses are capitalized on the basis of costs incurred to bring the specific intangibles to its intended use.
 - (b) **Research and Development Costs**
Research and Development costs are expensed, except for certain development expenses which are capitalized if commercial and technological feasibility criteria are met. Expenditure already charged to Statement of Profit and Loss is not restated.
- (vii) Investments :**
- (a) Investments that are readily realizable and intended to be held for not more than one year, are classified as current investments. All other investments are classified as long-term investments.
 - (b) Current Investments are stated at lower of cost or market rate on individual investment basis. Long Term Investments are considered "at cost", unless there is other than temporary decline in value thereof, in which case, adequate provision is made against such diminution in the value of investments.
- (viii) Inventories :**
- (a) Inventories are valued at lower of cost, computed on annual weighted/moving average basis, and net realisable value.

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)

- (b) The closing stock of materials inter-transferred from one unit to another is valued at cost or net realisable value whichever is lower.
- (c) Net realisable value is the selling price in the ordinary course of business, less costs of completion and costs necessary to make the sale.
- (d) Cost of finished goods and work in progress include direct materials, labour and an appropriate proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

(ix) Excise Duty & Customs Duty :

Excise Duty on Finished Goods stock lying at the factories is accounted for at the point of manufacture of goods and is accordingly considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, Customs Duty on Imported Materials in transit / lying in Bonded Warehouse is accounted for at the time of import / bonding of materials.

(x) Cash & Cash Equivalents :

Cash and Cash equivalents comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(xi) Derivative Instruments :

Derivative instruments, except for forward exchange contracts, which are not intended for trading or speculation, but as hedge for underlying transactions are accounted as per ICAI announcement. Derivative contracts, other than those covered under Accounting Standard - 11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effects on the underlying hedge item, is charged to the income statement. Net gains are ignored.

(xii) Retirement & other Employee Benefits :

(a) Defined Contribution plans :

Company's contributions to Provident Fund and Superannuation Scheme are charged to Statement of Profit & Loss of the year when the contributions to the respective Funds are due. The Company has no obligations other than the contributions payable to the respective Funds.

(b) Defined benefit and long term employee benefit plans :

Gratuity liability and compensated leave liability in the form of accumulated leaves are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done on Projected Unit Credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit & Loss as income or expense.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The Company presents the leaves as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non-current liability. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)**(xiii) Borrowing Costs :**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as finance costs in terms of the Accounting Standard 16 are considered as borrowing cost.

(xiv) Provisions :

A provision is recognised when an enterprise has a present obligation as a result of past event and 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.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

(xv) Taxation :

(a) Tax expenses comprise of current & deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(b) Deferred tax is accounted for using the tax rates and laws that have been substantively enacted at the Balance Sheet date. Deferred tax assets are recognised 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 realised. Deferred Tax assets and Deferred Tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. If the Company has carry forward unabsorbed depreciation and tax losses, all deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

(c) At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(xvi) Segment Reporting :**(a) Identification of Segments :**

The Company has identified that its business segments are the primary segments. The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)

(b) **Allocation of Common Costs :**

Common allocable costs are allocated to each segment on case to case basis applying the ratio appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under the head "Unallocated - Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

(xvii) **Product related Warranty Claims :**

Provision for product related warranty 'costs' is based on the claims received up to the year end as well as the management estimates of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

(xviii) **Contingencies :**

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.

(xix) **Earnings per share :**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xx) **Use of Estimates :**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
A. SHAREHOLDERS' FUND		
NOTE 2 : SHARE CAPITAL		
Authorised		
33,00,00,000 (33,00,00,000) Equity Shares of ₹ 5 each	16500.00	16500.00
55,00,000 (55,00,000) Unclassified Shares of ₹ 100 each	5500.00	5500.00
	<u>22000.00</u>	<u>22000.00</u>
Issued		
20,90,76,597 (20,90,76,597) Equity Shares of ₹ 5 each	<u>10453.83</u>	<u>10453.83</u>
Subscribed and Paid-up		
20,86,59,293 (20,86,59,293) Equity Shares of ₹ 5 each fully paid up	10432.96	10432.96
Add : Forfeited Shares (amount originally paid-up)	8.48	8.48
	<u>10441.44</u>	<u>10441.44</u>

- a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

Equity Shares - Subscribed and Paid up (Nos.)

At the beginning of the year	20,86,59,293	18,47,71,993
Add : Issue of Equity Shares during the year	—	2,38,87,300
Outstanding at the end of the year	20,86,59,293	20,86,59,293

- b) **Terms / Rights attached to Equity Shares**

The Company has only one class of equity shares issued and subscribed of face value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders. In the event of declaration of final dividend by the Company, approval of shareholders will be required in its Annual General Meeting.

- c) As per records of the Company, details of Shareholders holding more than 5% Equity Shares in the Company as on the balance sheet date.

Name of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
National Bearing Co. (Jaipur) Ltd.	2,26,12,354	10.84%	2,26,12,354	10.84%
Central India Industries Ltd.	1,84,00,600	8.82%	1,84,00,600	8.82%
ICICI Bank Ltd.		*	1,07,43,600	5.15%

* Less than 5% Shares.

As per records of the Company, including its register of Shareholders / Members and other declarations received from Shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of Shares.

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
A. SHAREHOLDERS' FUND		
NOTE 3 : RESERVES AND SURPLUS		
a) Capital Reserve		
As per last account	3.53	3.53
b) Securities Premium Account		
As per last year	2771.60	1711.00
Add : Received on Issue of Shares	-	1060.60
	<u>2771.60</u>	<u>2771.60</u>
c) Revaluation Reserve		
As per last account	729.82	729.82
Less : Adjusted towards assets sold/Discarded	1.34	-
	<u>728.48</u>	<u>729.82</u>
d) Central Subsidy		
As per last account	15.00	15.00
e) Foreign Currency Translation Reserve		
As per last account	(10.46)	(9.06)
Add : For the period [Refer Note 1.0 (e)]	0.21	(1.40)
	<u>(10.25)</u>	<u>(10.46)</u>
f) Surplus / (Deficit) in the Statement of Profit and Loss		
As per last account	(20119.82)	(15218.66)
Add: Adjusted on account of Schedule II of Companies Act, 2013 [Refer Note 1.2 (i) (a)]	-	(710.93)
Add: Profit / (Loss) for the period	(3166.51)	(4190.23)
	<u>(23286.33)</u>	<u>(20119.82)</u>
	<u>(19777.97)</u>	<u>(16610.33)</u>

Note :

In view of the loss for the year as well as accumulated loss, the Company has not created Debenture Redemption Reserve in respect of 10.25% Secured Non-convertible Debentures issued during the previous year.

B. NON-CURRENT LIABILITIES**NOTE 4 : LONG TERM BORROWINGS****SECURED**

Privately Placed Non-Convertible Debentures		
20,53,00,000 (20,53,00,000) 10.25% Secured Non-Convertible Debentures of ₹ 0.33 each (₹ 0.67 each)	684.33	1368.67
	<u>684.33</u>	<u>1368.67</u>

Note :

10.25% Debentures of ₹ 2053.00 lacs are redeemable in three equal installments of ₹ 684.33 lacs each alongwith interest on September 29, 2015, September 29, 2016 & September 29, 2017. These Debentures will be secured by a charge on the assets of Uttarpara Plant.

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016	As at March 31, 2015
₹ in lacs		
B. NON-CURRENT LIABILITIES		
NOTE 5 : DEFERRED TAX LIABILITY (NET)		
Deferred tax liability arising on account of :		
Timing Difference in Depreciable Assets	439.16	451.05
Deferred tax assets arising on account of :		
Expenses allowable against taxable income in future years	2206.97	1910.47
Unabsorbed depreciation and carried forward business losses	4541.07	3998.54
	<u>6748.04</u>	<u>5909.01</u>
	(6308.88)	(5457.96)
Less : Deferred Tax Asset not recognised (Refer Note below)	<u>6308.88</u>	<u>5457.96</u>
	<u>-</u>	<u>-</u>
In terms of accounting policy (1.2)(xv)(b) followed by the Company, deferred tax assets of ₹ 6308.88 lacs (₹ 5457.96 lacs) have not been recognised.		
NOTE 6 : OTHER LONG TERM LIABILITIES		
Amount payable under Voluntarily Retirement Schemes	-	2.45
Security and Other Deposits	147.06	152.87
	<u>147.06</u>	<u>155.32</u>
NOTE 7 : LONG-TERM PROVISIONS		
Gratuity (Refer Note 36)	41.32	473.80
Leave Liability (Refer Note 36)	125.54	266.19
	<u>166.86</u>	<u>739.99</u>
C. CURRENT LIABILITIES		
NOTE 8 : SHORT TERM BORROWINGS		
SECURED		
From Banks		
Cash Credits	280.90	238.87
Note :		
1. Cash Credits facilities from Banks ₹ 280.90 lacs (₹ 238.87 lacs) together with interest and other charges thereon, are secured by a mortgage on a part of the Company's land together with other immovable assets thereon, both present and future, and by way of a hypothecation charge over all the movable assets including book debts of the Company. Cash Credit is repayable on demand and carries interest @ 10.397% to 16.20% p.a. on monthly rest. The charges referred above rank pari-passu amongst various Banks.		
2. Cash Credit Limit excludes ₹ 13259967/- being the Bank Guarantee for electricity bill invoked during the year by Uco Bank.		
NOTE 9 : TRADE PAYABLES		
Goods and Services	2517.60	2545.74
(Refer Note 34 for details of dues to micro and small enterprises)	<u>2517.60</u>	<u>2545.74</u>

Notes to consolidated financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
C. CURRENT LIABILITIES		
NOTE 10 : OTHER CURRENT LIABILITIES		
Current maturities of Long-Term Borrowings :		
Sales Tax Deferral Credit	1791.50	1791.50
Privately Placed Non- Convertible Debenture	1030.60	684.33
Current portion of amount payable under Voluntarily Retirement Schemes	70.36	67.75
Interest accrued on borrowings :		
Due	180.00	51.71
Not due	63.99	95.47
Advance against Sales / Sale of Fixed Assets	105.86	-
Statutory dues payable	3528.17	2716.71
Payable against Purchase of Fixed Assets	53.00	53.00
Liabilities for Expenses on Employee Benefits	1969.01	793.04
Liabilities for Other Expenses	991.58	954.29
Other Payables	751.56	778.06
Security and Other Deposits	14.43	14.44
Investor Education and Protection Fund *		
Unpaid Dividend	1.95	1.95
	<u>10552.01</u>	<u>8002.25</u>

* Amount not deposited as the cases are sub-judice.

Note :

1. Sales tax deferral credit (STDC) of ₹ 1791.50 lacs as detailed below, which became due but has not been paid as on the Balance Sheet date. Sales Tax Deferral Credit is interest free.

	₹ in lacs	
Due date	STDC Amount	Interest on unpaid STDC Amount
STDC amount became due in the previous period ended March 31, 2015	<u>1791.50</u>	<u>811.17</u>

2. 1st Installment of N.C Debenture, which became due on Sept. 29, 2015 but has not been paid as on the Balance Sheet date.

Principal amount	346.27
Interest amount	120.53

NOTE 11 : SHORT-TERM PROVISIONS

Leave Liability (Refer Note 36)	7.31	12.16
Warranties (Refer Note 32)	-	14.34
Provision for Taxation [Net of tax deducted at source of ₹ 97.86 lacs (₹ 97.86 lacs)]	138.71	138.71
	<u>146.02</u>	<u>165.21</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)**NOTE 12 : FIXED ASSETS**

₹ in lacs

Particulars	Tangible Assets							Intangible Assets				Total	
	Freehold Land	Leasehold Land	Buildings (a) & (b)	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Goodwill	Software	Product Development			
At Cost or Revalued Amount													
<i>As at March 31, 2014</i>	660.08	17.72	4216.47	17753.07	345.14	401.55	418.41	0.05	166.02	206.69		372.76	
Additions	—	—	—	—	—	0.51	—	—	—	—	—	—	
Disposals -	—	—	—	80.89	13.94	24.86	173.74	—	—	—	—	—	
<i>As at March 31, 2015</i>	660.08	17.72	4216.47	17672.18	331.20	377.20	244.67	0.05	166.02	206.69		372.76	
Additions	—	—	—	—	—	—	—	—	—	—	—	—	
Disposals	—	—	33.56	—	4.22	37.84	112.15	—	—	—	—	—	
<i>As at March 31, 2016</i>	660.08	17.72	4182.91	17672.18	326.98	339.36	132.52	0.05	166.02	206.69		372.76	
Depreciation													
<i>As at March 31, 2014</i>	—	4.69	3358.38	15785.16	318.52	340.40	284.94	0.05	157.50	26.89		184.44	
Adjusted on account of Schedule II of Companies Act 2013	—	—	268.89	401.10	10.80	28.95	1.19	—	—	—	—	—	
<i>Charge for the period</i>	—	0.19	50.17	78.36	1.48	7.27	29.89	—	1.66	41.34		43.00	
Disposals -	—	—	—	76.17	12.52	22.87	125.43	—	—	—	—	—	
<i>As at March 31, 2015</i>	—	4.88	3,677.44	16,188.45	318.28	353.75	190.59	0.05	159.16	68.23		227.44	
Charge for the period	—	0.19	54.17	72.32	1.12	3.31	15.07	—	1.65	41.34		42.99	
Disposals	—	—	31.89	—	3.76	35.95	93.57	—	—	—	—	—	
<i>As at March 31, 2016</i>	—	5.07	3,699.72	16,260.77	315.64	321.11	112.09	0.05	160.81	109.57		270.43	
Net Block													
<i>As at March 31, 2015</i>	660.08	12.84	539.03	1483.73	12.92	23.45	54.08	0.00	6.86	138.46		145.32	
<i>As at March 31, 2016</i>	660.08	12.65	483.19	1411.41	11.34	18.25	20.43	0.00	5.21	97.12		102.33	

Notes :

- (a) Includes ₹ 4.50 Lacs (₹ 4.50 Lacs) being the value of shares in Co-operative Housing Societies.
(b) Includes proportionate cost of a part of Building (on leasehold land) and Other Assets amounting to ₹ 0.87 Lacs (₹ 0.87 Lacs) held in Joint Ownership basis with others at Kolkata.
(c) Land and Buildings at Uttarama Unit were revalued during the year ended 31 March, 1984 and the resulting surplus thereon, was transferred to Revaluation Reserve.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

		₹ in lacs	
		As at March 31, 2016	As at March 31, 2015
D. NON-CURRENT ASSETS			
	Number of Shares	Face Value Per Share ₹	
NOTE : 13 NON CURRENT INVESTMENTS			
OTHER THAN TRADE-FULLY PAID (UNQUOTED) (AT COST)			
GOVERNMENT SECURITIES			
12 Year National Planning Certificates		0.02	0.02
12 Year National Defence Certificates		0.02	0.02
National Saving Certificates (Matured but pending encashment)		0.06	0.06
		<u>0.10</u>	<u>0.10</u>
EQUITY SHARES			
Birla Buildings Limited	30000 (30000)	10	3.00
Pithampur Auto Cluster Limited	50000 (50000)	10	5.00
Bengal Shriram Hitech City Private Limited	2000 (2000)	10	0.20
AVTEC Limited	10000 (10000)	10	6.09
Less : Capital Reserve			0.45
			<u>5.64</u>
Add : Share of post acquisition Profit			5.06
			<u>10.70</u>
			<u>18.90</u>
			<u>19.00</u>
NOTE 14 : LONG-TERM LOANS AND ADVANCES			
Unsecured considered good			
Advance payment of Income Tax and Refunds Receivable (Net of provisions)		19.70	135.07
Deposits with Government Department and Others		61.05	63.41
Sales tax, VAT and Other Refunds Receivable (Including amount paid under appeal)		346.07	346.77
		<u>426.82</u>	<u>545.25</u>
Unsecured considered doubtful			
Deposits with Government Department and Others		91.39	91.39
Sales tax, VAT and Other Refunds Receivable (Including amount paid under appeal)		55.24	55.24
		<u>146.63</u>	<u>146.63</u>
Less : Provision for Doubtful Loans and Advances		146.63	146.63
		<u>-</u>	<u>-</u>
		<u>426.82</u>	<u>545.25</u>
NOTE 15 : OTHER NON-CURRENT ASSETS			
Unsecured Considered Good			
Export Incentives Receivable		1.51	1.51
Less : Provision for Doubtful Claims		1.51	1.51
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
E. CURRENT ASSETS		
NOTE 16 : INVENTORIES		
At lower of cost and net realisable value		
Stores and Spares	50.37	65.29
Loose Tools	51.77	63.54
Raw Materials and Components [Including in transit ₹ Nil (₹ 5.32 lacs)]	297.37	418.27
Goods under process*	178.00	342.90
Finished Goods*	36.76	61.98
Traded Goods [Including in transit ₹ Nil (₹ 0.35 lacs)]*	85.26	102.26
	<u>699.53</u>	<u>1054.24</u>
* Refer Note 25 for break-up.		
NOTE 17 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months from the date they are due		
Considered good		
Secured	36.24	36.52
Unsecured	65.29	90.88
	<u>101.53</u>	<u>127.40</u>
Considered doubtful - Unsecured		
	41.54	21.06
	143.07	148.46
Less : Provision for Doubtful Trade Receivables	41.54	21.06
	<u>101.53</u>	<u>127.40</u>
Other Debts		
Unsecured	10.92	3.02
	<u>112.45</u>	<u>130.42</u>
NOTE 18 : CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash-on-hand	0.25	0.54
Balances with Banks		
Current Account	2.51	8.76
Unpaid Dividend Account	1.95	1.95
Remittances in transit	-	1.51
	<u>4.71</u>	<u>12.76</u>
Other Bank Balances		
Margin Money Deposits	-	10.75
	<u>4.71</u>	<u>23.51</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	As at March 31, 2016	As at March 31, 2015
E. CURRENT ASSETS		
<u>NOTE 19 : SHORT-TERM LOANS AND ADVANCES</u>		
Unsecured considered good		
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	173.09	265.45
Sales tax, VAT and Other refunds receivable	31.33	37.55
Balances with Customs, Port Trust & Other Government Departments	97.33	83.79
Prepaid Expenses	10.38	9.95
	<u>312.13</u>	<u>396.74</u>
Unsecured considered doubtful		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	46.03	51.95
Less : Provision for Doubtful Loans and Advances	46.03	51.95
	<u>—</u>	<u>—</u>
	<u>312.13</u>	<u>396.74</u>
<u>NOTE 20 : OTHER CURRENT ASSETS</u>		
Unsecured considered good		
Interest accrued on Deposits	—	0.23
Other Receivables	863.93	1946.32
	<u>863.93</u>	<u>1946.55</u>

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	2015-2016	2014-2015
A. INCOME		
NOTE 21 : REVENUE FROM OPERATIONS		
Sale of Products (Including traded)		
Vehicles	25.31	824.12
Spare Parts of Vehicles	—	656.17
Job Work Income	—	129.03
Other Operating Revenues	62.05	85.29
	<u>87.36</u>	<u>1694.61</u>
Notes :		
a. Sales includes excise duty, delivery charges and is after adjusting discounts.		
b. Sales is net off sales return during the current year against sales made in earlier years ₹ Nil (₹ 29.42 lacs).		
c. Traded goods (Vehicles and Spare parts) have been included above.		
NOTE 22 : OTHER INCOME		
Interest on Debts, Deposits, Advances etc.	5.95	6.85
Dividend Income on Non Current Investments (Other than Trade)	1.50	1.20
Unspent Liabilities and Provisions no longer required written back	142.06	439.01
Net gain on sale of fixed assets	—	6.60
Other Non-Operating income	44.89	134.56
	<u>194.40</u>	<u>588.22</u>
B. EXPENSES		
NOTE 23 : COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Opening Stock	418.27	579.69
Add: Purchases	2.52	847.67
	420.79	1427.36
Less: Closing Stock	297.37	418.27
	<u>123.42</u>	<u>1009.09</u>
Note : Consumption of Raw Materials and Components includes profit / loss on sale thereof and provision for obsolesces of Raw material & Components (Refer note 42 & 45).		
DETAILS OF RAW MATERIALS AND COMPONENTS CONSUMED		
Steel Sheets, Plates and Flat Steel	19.06	21.04
Bar, Billets, Channels and Angles	3.24	1.26
Tyres and Tubes	0.11	20.04
Power Units	—	68.42
Other Components and Production Stores (including processing charges) (each being less than 10% of total value of consumption)	101.01	898.33
	<u>123.42</u>	<u>1009.09</u>
NOTE 24 : PURCHASE OF TRADED GOODS		
Spare Parts of Vehicles	—	89.12

Notes to financial statements for the year ended March 31, 2016 (Contd.)

			₹ in lacs	
	2015-2016		2014-2015	
B. EXPENSES				
NOTE 25 : DECREASE IN STOCKS				
Closing Stock				
Goods under Process				
Vehicles	121.52		267.75	
Steel Products and Components	56.48	178.00	75.15	342.90
Finished Goods				
Vehicles	17.29		40.67	
Spare Parts of Vehicles	19.47	36.76	21.31	61.98
Traded Goods				
Spare Parts of Vehicles		85.26		102.26
		300.02		507.14
Opening Stock				
Goods under Process				
Vehicles	267.75		374.56	
Steel Products and Components	75.15	342.90	127.48	502.04
Finished Goods				
Vehicles	40.67		130.19	
Spare Parts of Vehicles	21.31	61.98	27.88	158.07
Traded Goods				
Spare Parts of Vehicles		102.26		127.16
		507.14		787.27
		207.12		280.13
NOTE 26 : EMPLOYEE BENEFITS EXPENSE				
Salaries, Wages and Bonus		976.20		2269.15
Contribution to Provident, Gratuity & Other Funds		416.95		421.15
Welfare Expenses		19.11		81.17
		1412.26		2771.47
NOTE 27 : FINANCE COSTS				
Interest Expense (refer Note 41)		1028.36		756.52
Bank charges and Others		7.20		25.96
		1035.56		782.48
NOTE 28 : DEPRECIATION AND AMORTISATION EXPENSE				
On Tangible Assets		146.18		167.35
On Intangible Assets		42.99		43.00
		189.17		210.35

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	2015-2016	2014-2015
B. EXPENSES		
NOTE 29 : OTHER EXPENSES		
Consumption of Stores and Spares	26.68	82.20
Increase / (Decrease) in Excise duty on Stocks	(2.23)	(18.18)
Fuel and Electricity (Net)	17.92	377.44
Rent and Hire charges	17.64	35.77
Building Repairs	8.93	18.10
Machinery Repairs	0.17	1.42
Insurance	7.36	12.01
Rates and Taxes	121.56	108.06
Advertising , Selling expenses and Claims (Net)	0.76	9.88
Delivery Charges, Freight & Transportation	0.91	–
Auditors' Remuneration:		
As auditor		
Audit fee	4.00	15.00
Limited review fee	3.00	11.00
Certification and other services fee	–	0.95
Out of pocket expenses	–	2.96
In Other capacity		
Tax audit fee	1.00	3.50
Exchange Rate Difference (Net)	–	15.41
Directors' Travelling	1.72	3.43
Cost Auditors' Remuneration	–	3.00
Legal and Professional Service charges	163.77	288.86
Travelling & Conveyance	8.54	13.26
Motor Car	3.17	10.80
Printing & Stationery	25.96	39.34
Membership & Subscription	16.64	15.39
Director's Remuneration	4.40	7.10
Factory Sanitation & Cleaning	4.41	3.49
Miscellaneous Expenses	20.40	72.33
Provision for Doubtful Debts, Claims and Advances	20.47	3.68
Less: Written back	5.92	2.70
Irrecoverable Debts, Claims and Advances written off	–	425.54
Less: Adjusted against provision	–	413.29
Net Loss on Fixed Assets sold / discarded	3.41	–
	474.67	1145.75

Notes to financial statements for the year ended March 31, 2016 (Contd.)

	₹ in lacs	
	<u>As at</u> <u>March 31, 2016</u>	<u>As at</u> <u>March 31, 2015</u>
30. Contingent Liabilities not provided for in respect of :		
(a) Claims & Government demands against the Company not acknowledged as debts.		
i) Excise Duty	5659.18	3094.88
ii) Sales Tax	6157.21	5962.29
iii) Customs Duty	394.96	373.50
iv) Service Tax	1085.73	951.33
v) Others	1130.95	1109.24

The Company does not expect any major impact to arise out of the above claims / demands. Against the above claims / demands, payments have been made under protest and / or debts have been withheld by the respective parties, to the extent of ₹ 369.77 lacs (₹ 379.92 lacs).

Included in the above are contingent liabilities to the extent of ₹ 1187.20 lacs (₹1187.20 lacs) relating to the pre-transfer period of the erstwhile Power Unit Plant and Power Products Division of the Company, which were transferred to AVTEC Limited in June 2005, ₹ 502.21 lacs (₹ 502.21 lacs) relating to the pre-transfer period of the erstwhile Earthmoving Equipment Division of the Company, which was transferred to Caterpillar India Private Limited in February 2001 and ₹ 1814.41 lacs (₹ 1681.81 lacs) relating to the pre-transfer period of the erstwhile Chennai Car Plant of the Company, which has been transferred to Hindustan Motor Finance Corporation Limited in March 2014. However, demands to the extent of ₹ 667.29 lacs (₹ 667.29 lacs) in case of erstwhile Power Unit Plant are covered by counter guarantees by the customers.

- | | | |
|---|--------|--------|
| (b) Outstanding Bank Guarantees for import of materials and other accounts. | 132.60 | 132.60 |
| (c) Bonus for the years 1963-64 to 1967-68 at Uttarpara unit is under adjudication (amount indeterminate). The Company contends that no liability exists in this regard under the Payment of Bonus Act, 1965. | | |
| (d) Demands for incremental Dearness Allowance during the years 2001 to 2007 at Uttarpara Unit are under adjudication (amount not ascertained). However, majority of the employees unions have filed joint petition for withdrawal of the case. | | |

31. Earnings per Share (EPS)

In terms of Accounting Standard 20, the calculation of EPS is given below :-

	₹ in lacs	
	2015-16	2014-15
Profit/(Loss) after tax as per Statement of Profit & Loss	(3166.51)	(4190.23)
Weighted average No. of Equity Shares outstanding during the period	208659293	208659293
Weighted number of potential Equity Shares	208659293	208659293
Nominal value of Shares (₹)	5	5
Basic EPS (₹)	(1.52)	(2.13)
Diluted EPS (₹)	(1.52)	(2.13)

Notes to financial statements for the year ended March 31, 2016 (Contd.)

32. Movement in Provisions for Warranties is as follows :

₹ in lacs			
<i>As at April 01, 2015</i>	Amount utilised	Amount written back	As at March 31, 2016
14.34	0.27	14.07	–
(43.74)	(29.40)	–	(14.34)

33. The Company has the following un-hedged exposures in foreign currencies as at the year end :

₹ in lacs			
<u>Sr. No.</u>	<u>Particulars</u>	<u>As at March 31, 2016</u>	<u>As at March 31, 2015</u>
(i)	Trade Payable	41.60	41.60
(ii)	Trade Receivables	10.52	10.52

34. Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under :

₹ in lacs			
	<u>2015-16</u>	<u>2014-15</u>	
(i)	Principal amount remaining unpaid to any supplier at the end of accounting period	292.46	292.46
(ii)	Interest due on above	48.03	57.67
	Total of (i) & (ii)	340.49	350.13
(iii)	Amount of interest paid/ adjusted by the Company to the suppliers	3.19	0.41
(iv)	Amounts paid to the suppliers beyond the respective due date	–	90.08
(v)	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	–	–
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting period	611.71	566.88
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	–	–

Notes to financial statements for the year ended March 31, 2016 (Contd.)

35. Details of Research Costs :

₹ in lacs

Particulars	Capital Expenditure		Revenue Expenditure	
	2015-16	2014-15	2015-16	2014-15
Uttarpara Unit (UTP)	–	–	–	23.54
Pithampur Plant (PTP)	–	–	–	1.20
	–	–	–	24.74

36. Disclosure for the year ended March 31, 2016 under Accounting Standard–15 (Revised) on 'Employee Benefits'

₹ in Lacs

	<u>2015-16</u>	<u>2014-15</u>
A. Defined Contribution Plan		
Contribution to Provident Fund	12.36	104.13
Contribution to Superannuation Fund	0.87	5.16

B. Defined Benefit Plan

The Company has a Defined Benefit Gratuity Plan / Long Term Compensated Leave. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme is funded with an Insurance Company. The following table summarises the components of net benefit expenses recognised in Statement of Profit and Loss and the funded status and amount recognised in the Balance Sheet for the respective plan / Long Term Compensated Leave.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

₹ in lacs

Sl.	Particulars	2015-16		2014-15	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
I	Net Employee Expense / (Benefit)				
1	Current Service Cost	26.73	15.83	52.99	31.33
2	Interest cost on benefit obligation	70.19	11.69	137.47	33.41
3	Expected return on Plan Assets	(44.49)	–	(158.21)	–
4	Net Actuarial (gain)/loss recognised in the period	(479.83)	71.97	51.72	4.97
5	Total employee expenses recognised in Statement of Profit and Loss	(427.40)	99.49	83.97	69.71
II	Actual Return on Plan Assets	42.64	–	122.53	–
III	Benefit Asset/(Liability)				
1	Defined benefit obligation	480.30	–	1006.59	–
2	Fair Value of Plan Assets	438.98	–	532.79	–
3	Benefit Asset/(Liability)	(41.32)	–	(473.80)	–
IV	Movement in Benefit Liability				
1	Opening defined benefit obligation	1006.59	278.35	2636.64	626.64
2	Interest Cost	70.19	11.69	137.47	33.41
3	Current Service Cost	26.73	15.83	52.99	31.33
4	Benefits paid	(141.54)	(245.00)	(1836.55)	(418.00)
5	Actuarial (gains) / losses on obligation	(481.67)	71.97	16.05	4.97
6	Closing benefit obligation	480.30	132.84	1006.59	278.35
V	Movement in Fair Value of Plan Assets				
1	Opening fair value of Plan Assets	532.79	–	1757.84	–
2	Expected Return on Plan Assets	44.49	–	158.20	–
3	Contribution by employer	5.07	–	488.97	–
4	Benefits paid	(141.54)	–	(1836.55)	–
5	Actuarial gains / (losses) on Plan Assets	(1.83)	–	(35.67)	–
6	Closing fair value of Plan Assets	438.98	–	532.79	–
VI	The Principal actuarial assumptions are as follows				
1	Discount Rate	7.50%	7.50%	8.00%	8.00%
2	Salary increase	1.00%	1.00%	1.00%	1.00%
3	Withdrawal Rate	Varying between 1% and 2% per annum depending upon duration and age of the employees			
4	Expected rate of return on Plan Assets	8.35%		9.00%	
VII	The major categories of Plan Assets as a percentage of fair value of the total Plan Assets				
	Investment with Insurer	100%		100%	

Notes to financial statements for the year ended March 31, 2016 (Contd.)

₹ in lacs

VIII Amounts for the current and previous year are as follows :						
Defined Benefit Gratuity Plan		2015-16	2014-15	2013-14	2012-13	2011-12
1	Defined benefit obligation	480.30	1006.59	2636.64	2761.90	2275.24
2	Plan Assets	438.98	532.79	1757.84	2040.57	1914.10
3	Surplus / (Deficit)	(41.32)	(473.80)	(878.80)	(721.33)	(361.14)

- Note :** a) The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) The Company expects to contribute ₹ 42.64 lacs (₹ 122.53 lacs) to Gratuity fund for 2016-17.
- c) Experience adjustment on plan assets & liabilities has been considered in the valuation report as certified by the actuary, which is not readily available and hence not disclosed separately.

37. **Related Party Disclosures :****(a) Name of the related parties :**

Key Management Personnel* Mr. Moloy Chowdhury, Manager (upto June 15, 2015)
 Mr. Ajay Kumar Bansal, Chief Executive Officer
 (from November 02, 2015 to May 13, 2016)
 Mr. Tarun Kumar Kabra, Company Secretary (upto December 31, 2015)
 Mr. Bhikam Chand Mishra, Chief Financial Officer

- (b) Aggregated Related Party Disclosures as at and for the year ended March 31, 2016 are as follows. (Transactions have taken place on arm's length basis).

Nature of Transactions with Key Managerial Personnel*	₹ in lacs
Salaries, Allowances, Provident Fund and Others	79.12 (176.85)
Sale of Motor Car	2.00 (-)

*Excluding ₹ 5.13 lacs being the payment made to Mr. Uttam Bose, the then Managing Director of the Company in relation to performance variable pay for the period 1st April, 2014 to 9th May, 2014.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

38. As the Company's business activity falls within a single primary business segment viz, 'Automobiles' and there is no reportable secondary segment i.e. geographical segment, the disclosure requirement of Accounting Standard -17 "Segment Reporting" is not applicable.

	₹ in lacs	
	2015-16	2014-15
39. The following items are included under other heads in the Statement of Profit and Loss.		
Stores & Spares	-	0.39
40. C.I.F. Value of Imports – Components and Spare Parts	-	459.23
41. Expenditure in Foreign Currency – Other Matters	0.45	25.88
42. Value of Raw Materials and Components, Stores and Spares consumed during the year (including items shown under other heads of expenses, unserviceable and / or damaged items written down and / or written off) :		

	Raw Materials and Components				Stores and Spares			
	2015-16		2014-15		2015-16		2014-15	
	₹ in lacs	%	₹ in lacs	%	₹ in lacs	%	₹ in lacs	%
Indigenous	123.42	100	528.58	52	26.68	100	82.59	100
Imported								
a) CIF Value	-	-	459.23	46	-	-	-	-
b) Duty, Port charges, Transport etc.	-	-	21.28	2	-	-	-	-
	-	-	480.51	48	-	-	-	-
	123.42	100	1009.09	100	26.68	100	82.59	100

43. The operating results have been adversely affected due to adverse market conditions and the accumulated losses of the Company as at 31st March 2016 stand at ₹ 23286.33 lacs as against the share capital of ₹ 10441.44 lacs. Also current liabilities as at 31st March 2016 exceed current assets by ₹ 11503.78 lacs. The Company has already made reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 of the Sick Industrial Companies (Special Provision) Act, 1985. The reference has also been registered by BIFR and proceedings are going on. Further the Company has also declared "Suspension of work" at its Uttarpara plant w.e.f. May 24, 2014 & layoff at its Pithampur plant w.e.f. December 4, 2014. These conditions indicate the existence of material uncertainty about the Company's ability to continue as a going concern, which is dependent on the Company establishing profitable operations and sustainable cash flows. The Management is in the process of restructuring the operations including rationalizing the costs. The Management believes that these measures may result in sustainable cash flows and accordingly, the Company continues to prepare its accounts on a "Going Concern" basis.
44. During the year, the Company reached a compensation settlement with the permanent employees/workmen of the Company through a Voluntary Retirement Scheme (VRS) and paid Compensation ₹ 644 lacs which has been charged in employee benefits expense.
45. Due to low productivity, growing indiscipline, shortage of funds and lack of demand of products, the management has declared "Suspension of work" at Company's Uttarpara Plant with effect from May 24, 2014 and declared layoff at its Pithampur plant with effect from December 4, 2014 due to lack of orders. Based on legal opinion obtained, the employees and workmen, falling under the purview of "Suspension of work" at Uttarpara plant, are not entitled to any salary & wages during that period and accordingly the Company has not provided for such salary & wages.

Notes to financial statements for the year ended March 31, 2016 (Contd.)

46. In terms of exemption granted by the Ministry of Corporate Affairs (MCA) regarding attachment of financial statements of its subsidiary company vide its circular dated February 8, 2011, following information has been given for Hindustan Motors Limited, USA the subsidiary company.

Particulars	₹ in lacs	
	2015-2016	2014-2015
Capital	158.64	158.64
Reserves	-295.83	-326.05
Total assets	9.25	8.73
Total liabilities	146.44	176.14
Investments	-	-
Turnover including other income	37.96	-
Profit before tax	37.96	-
Provision for tax	-	-
Profit after tax	37.96	-
Proposed Dividend	-	-

47. Additional information pursuant to Schedule III of Companies Act, 2013

Particulars	Net assets (i.e. total assets minus total liabilities)		Share in profit or loss	
	As % of total net assets	Amount (₹ in Lacs)	As % of total profit or loss	Amount (₹ in Lacs)
Parent Hindustan Motors Limited, India	98.55	-9345.41	101.20	-3204.47
Foreign Subsidiary Hindustan Motors Limited, Incorporated in the state of Delaware, USA	1.45	-137.14	-1.20	37.96
Total	100	-9482.55	100	3166.51

Notes to financial statements for the year ended March 31, 2016 (Contd.)

Previous year 2014-15

<i>Particulars</i>	<i>Net assets (i.e. total assets minus total liabilities)</i>		<i>Share in profit or loss</i>	
	<i>As % of total net assets</i>	<i>Amount (₹ in Lacs)</i>	<i>As % of total profit or loss</i>	<i>Amount (₹ in Lacs)</i>
Parent Hindustan Motors Limited, India	97.35	-6139.60	100	4190.23
Foreign Subsidiary Hindustan Motors Limited, Incorporated in the state of Delaware, USA	2.65	-167.41	—	—
Total	100	-6307.01	100	4190.23

48. The financial statements of the Company for the financial year 2015-16 have been signed by two Non-Executive Directors, the Chief Financial Officer and the Company Secretary as there is no Chairperson, Managing Director or Chief Executive Officer on the basis of expert opinion obtained by the Company in this regard.
49. Previous year's fingers have been regrouped / rearranged wherever necessary.

As per our report of even date.

For Ray & Ray
Chartered Accountants
ICAI Firm Registration Number : 301072E

Nabanita Ghosh
Partner
Membership No.: 058477
Place: Kolkata
Date : May 25, 2016

Sanu Agarwal
Company Secretary

Bhikam Chand Mishra
Chief Financial Officer

As Approved,
For and on behalf of the Board of Directors

A. Sankaranarayanan
Director

Uttam Bose
Director

HINDUSTAN MOTORS LIMITED

CIN : L34103WB1942PLC018967

PROXY FORM

Regd. Office: "Birla Building", 14th Floor, 9/1, R. N. Mukherjee Road, Kolkata - 700 001
T : +91 33 2242 0932 (D) | T : +91 33 3057 3700 | T : +91 33 3041 0900 | F : +91 33 2248 0055
hmcosecy@hindmotor.com | www.hindmotor.com

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) :			
Registered address :			
E-mail Id :			
Folio No./Client Id :		DPID	

I/We, being the member(s) of shares of abovenamed Company hereby appoint :

- (1) Name Address
- E-mail Id Signature or failing him/her;
- (2) Name Address
- E-mail Id Signature or failing him/her;
- (3) Name Address
- E-mail Id Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **74th Annual General Meeting of the Company, to be held on Wednesday, the 21st day of September, 2016 at 11.00 a.m.** at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution Number	Description
Ordinary Business	
1.	(a) Adoption of the Audited Standalone Financial Statements of the Company together with the Directors' Report as also the Auditors' Report thereon for the financial year ended 31st March, 2016; and (b) Adoption of the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2016 and the Report of the Auditors thereon.
2.	Appointment of Shri Uttam Bose (DIN-02340000) as Director, who retires by rotation and being eligible offers himself for re-appointment.
3.	Ratification of appointment of Messrs. Ray & Ray, Chartered Accountants (Registration No.301072E) as Auditors of the Company.
Special Business	
4.	Service of each document, if requested by any member, through a particular mode either by post or by registered post or by speed post or by courier be made on payment of ₹ 50/- in advance.

Signed this day of 2016

Signature of Shareholder (s)

Signature of Proxy holder(s)

Affix
Re. 1/-
Revenue
Stamp

Note : This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ATTENDANCE SLIP

HINDUSTAN MOTORS LIMITED

CIN : L34103WB1942PLC018967

Regd. Office: "Birla Building", 14th Floor, 9/1, R. N. Mukherjee Road, Kolkata - 700 001

T : +91 33 22420932 | T : +91 33 30573700 | T : +91 33 30410900 | F : +91 33 22480055

hmcosecy@hindmotor.com | www.hindmotor.com

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER

Folio No.	
DP ID	
Client ID	
No. of Shares	

I hereby record my presence at the **74th Annual General Meeting** of the Company held on Wednesday, the 21st day of September, 2016 at 11.00 a.m. at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020.

.....
Signature of the Shareholder or Proxy*

*Strike out whichever is not applicable.

if undelivered please return to :



Hindustan
Motors
Limited

“Birla Building”, 14th Floor
9/1, R.N. Mukherjee Road, Kolkata 700 001