

Hindustan Motors

Registered Office :
Hindustan Motors Limited
Birla Building, 10th Floor
9/1, R. N. Mukherjee Road
Kolkata - 700 001

CIN-L34103WB1942PLC018967
T +91 033 22420932 (D) F +91 033 22480055
T +91 033 30573700 hmcosecy@hindmotor.com
T +91 033 30410900 www.hindmotor.com



September 25, 2017

- | | |
|---|---|
| 1 The Manager, Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5 th floor
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051
(Company Code : HINDMOTORS) | 2 Corporate Relationship Dept.
BSE Limited
1 st floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort
Mumbai – 400 001
(Company Code : 500500) |
|---|---|

Dear Sirs

**Sub : Submission of Annual Report & Accounts for the year ended 31st March, 2017
and Notice of Annual General Meeting**

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find a copy of Annual Report and Accounts of the Company for the year ended 31st March, 2017 containing *inter alia*, Notice of the Annual General Meeting held on 22nd September, 2017, Directors' Report, Auditor's Report, financial statements (both Standalone and Consolidated), being Balance Sheet of the Company as at 31st March, 2017 and Statement of Profit and Loss and Cash Flow Statement for the year ended 31st March, 2017.

A line in acknowledgement shall be awaited.

Thanking you,

Yours faithfully
For Hindustan Motors Limited

Prativa Sharma

Prativa Sharma
Company Secretary

Encl : As above

ANNUAL REPORT

&

Accounts 2016-2017



Hindustan Motors Limited

CONTENTS	Page
Notice of Annual General Meeting	3
Directors' Report	8
Annexure 1-10 to the	
Directors' Report	14
Independent Auditors' Report	55
Balance Sheet	62
Statement of Profit and Loss	63
Cash Flow Statement	64
Notes to Financial Statements	65

HINDUSTAN MOTORS LIMITED

ANNUAL REPORT

Year Ended March 31, 2017

Board of Directors

Shri A. Sankaranarayanan
Shri Raj Kamal Johri
Shri Uttam Bose
Smt. Mou Mukherjee

Chief Executive Officer

Shri Ajay Kumar Bansal (up to 13-5-2016)
Shri Asim Kumar Basu (w.e.f. 5-8-2016)

Chief Financial Officer

Shri Bhikam Chand Mishra (re-appointed w.e.f. 11-11-2016)

Company Secretary

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) 6628-5934/5901

Registered Office

'Birla Building', 10th 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

Notice to the Members

NOTICE is hereby given that the Seventy-fifth Annual General Meeting of the Members of HINDUSTAN MOTORS LIMITED will be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata – 700020, on Friday, the 22nd September, 2017 at 2.00 PM to transact the following business:-

AS ORDINARY BUSINESS :

- (1) To receive, consider and adopt 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, 2017.
- (2) To appoint a Director in place of Shri A. Sankaranarayanan (DIN-00385632) 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-fifth AGM till the conclusion of seventy-sixth 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.”

Registered Office :
'Birla Building' 10th Floor
9/1, Rajendra Nath Mukherjee Road
Kolkata - 700 001

By Order of the Board
For HINDUSTAN MOTORS LTD

Dated, 5th June, 2017

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 Friday, the 15th September, 2017 to Friday, the 22nd September, 2017 (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 75th 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 2016-2017 are being sent by permitted mode.
15. Members may also note that the Notice of the 75th AGM and the Annual report 2016-2017 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 75th 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 15, 2017.**
- (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 15, 2017 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 15, 2017, 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 Monday the 18th September, 2017
End of remote e-voting: Up to 5.00 p.m. (IST) on Thursday, the 21st September, 2017
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.
- (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 complete. 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 22, 2017.
- (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, email 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).**
 - (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 : akroyco@yahoo.co.in. 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>.

Directors' Report to the Members

Your Directors present their seventy-fifth Annual Report together with audited financial statements of the Company for the year ended March 31, 2017.

Financial Results / Performance

During the year under review, the Company's revenue was 1.13 Crores compared to 0.87 Crores in the previous financial year. The following table gives a summary of the performance.

(` in crores)

Particulars	2016-17	2015-16
Gross Revenue from Operations	1.13	0.87
Net Revenue from Operations	1.02	0.81
Profit/(Loss) before Exceptional items and Tax	(20.03)	(32.04)
Exceptional items (Income)	0.93	–
Profit/(Loss) before Tax	(19.14)	(32.04)
Tax Expenses	–	–
Profit/(Loss) For the Period	(19.14)	(32.04)

The revenue account shows a loss of ` 19.14 Crores after providing ` 1.56 Crores for depreciation & amortisation expense. There is a deficit of ` 252.17 Crores in the Statement of Profit and Loss as at the end of the current year as against ` 233.05 Crores in the last year.

The losses during this year includes expenses incurred for safeguarding its assets, payments to working employees, expenses towards statutory compliances for running its business and provision for diminishing in the carrying value of inventories post declaration of suspension of work at Uttarpara Plant and layoff at Pithampur Plant.

A Cash Flow Statement for the year under review is also attached to the enclosed Annual Accounts.

Consolidated accounts of the Company have not been prepared since HML, USA, the only one wholly owned subsidiary of the Company which has no business transaction during the year, has been dissolved during the year and not in existence as on 31st March, 2017.

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. The subsidiary has been dissolved on 16th February, 2017 after complying with the laws applicable to dissolution in USA.

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 2017-18

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 started process of rationalising the cost post suspension of work at Uttarpara plant. It has reduced the fixed cost including employee cost considerably and continuously working on further reducing its fixed cost.

Also, 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 considering various measures to generate revenue and in this process executed an agreement with Peugeot S.A. on 10th February, 2017 for the sale of the Ambassador Brand (including the trademarks having application numbers 2803570, 2803571 and 2821821) and certain related rights (Ambassador Brand) by the Company to Peugeot S.A. for a consideration of `80 Crores. The sale of the Ambassador Brand shall be effective upon fulfilment of the terms and conditions as prescribed in the abovementioned agreement and as such the brand consideration will be utilized for the clearance of most of the liabilities of the Company including that of employees.

The Company is also 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 (SICA). However, SICA has been repealed and simultaneously Insolvency and Bankruptcy Code, 2016 (IBC) came into force with effect from 1st December, 2016. The Central Government by way of its Notification dated 28th November, 2016 has notified the Section 4(b) of Sick Industrial Companies (Special Provisions) Repeal Act, 2003 and as such all the pending reference before the BIFR or any appeal filed before the AAIFR, from the date of the aforesaid Notification stands abated.

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. The Company has sold 30,000 Shares of Birla Buildings Ltd on 1st October, 2016 to Ranchi Enterprises and Properties Ltd at a consideration of ` 93,00,000/-. 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 -36 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 has redeemed the first instalment of the said Debentures. The Second Instalment of the said Debentures became due on 29th September, 2016. The Company is in the process of making the 2nd instalment of the Debenture payments.

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. 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 sensitive but being managed. The number of employees as on 31st March, 2017 is 663.

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 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 Meetings 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 System

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-40 to the audited financial statements for the year ended 31st March, 2017.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs. R.B.M. & Associates, a firm of Company Secretaries in Practise (CP No.8659) to undertake the Secretarial Audit of the Company.

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 wholly owned foreign subsidiary i.e., Hindustan Motors Limited, USA, which has not done any business since 2009-10 and has been dissolved on 16th February, 2017 after complying with the laws applicable in USA.

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

There is no change in the Directorship during the year.

At the ensuing Annual General Meeting, Shri A. Sankaranarayanan, 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 Ajay Kumar Bansal, the Chief Executive Officer of the Company has resigned from the services of the Company with effect from the close of business hours on 13th May, 2016.

Shri Asim Kumar Basu has been appointed as Chief Executive Officer of the Company with effect from 5th August, 2016 for a period of two years.

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

Shri Bhikam Chand Mishra ceased and reappointed as the Chief Financial officer of the Company for a period of two years with effect from 11th November, 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 9th December, 2016 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 2016-17.

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
29th May, 2017

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 2017-18, 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
29th May, 2017

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, 2017
of
HINDUSTAN MOTORS LIMITED

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

1. 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”, 10th 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 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) 6628 5934/5901 |

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 and spare parts of vehicle	34103 & 34300	54.94%

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)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

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 Share	Demat	Physical	Total	% of Total Share	
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	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

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 Share	Demat	Physical	Total	% of Total Share	
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	15710901	55150	15766051	7.56	4627568	55150	4682718	2.24	-5.32
(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)			0	0.00	0	0	0	0.00	0.00
–Foreign Corporate Bodies	200	0	200	0.00	200	0	200	0.00	0.00
–Foreign Nationals	17996	0	17996	0.01	17996	0	17996	0.01	0.00
2. Central Govt/ State Govt(s)/President of India	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)+(B)(2)	23161272	177467	23338739	11.19	12077939	177467	12255406	5.87	-5.32

(i) Category-wise Share Holding

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 Share	Demat	Physical	Total	% of Total Share	
3. Non-Institutions									
(a) (i) Individual Shareholders holding nominal share capital up to Rs. 2 lakh	64986415	6182153	71168568	34.11	70675328	6126902	76802230	36.81	2.70
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 lakh	27311921	76750	27388671	13.13	32688504	76750	32765254	15.70	2.57
(b) NBFCs registered with RBI	28621	0	28621	0.01	122221	0	122221	0.06	0.05
(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	67046	0	67046	0.03	18839	0	18839	0.01	-0.02
(ii) NRIs	1299059	146352	1445411	0.69	1593469	146352	1739821	0.83	0.14
(iii) Clearing Members	259290	0	259290	0.12	419852	0	419852	0.20	0.08
(iv) Unclaimed Suspense Account(as per SEBI LODR, 2015)	966197	0	966197	0.46	965840	0	965840	0.46	0.00
(v) Bodies Corp.	16231213	227865	16459078	7.89	15610237	228048	15838285	7.59	-0.30
(vi) Enemy Property	0	64418	64418	0.03	0	64418	64418	0.03	0.00
(vii) Non Resident Indian- Non Repatriable	0	0	0	0.00	193873	0	193873	0.09	0.09
Sub-total (B)(3) :	111149762	6697538	117847300	56.48	122288163	6642470	128930633	61.79	5.31
Total Public Shareholding									
(B)=(B)(1)+(B)(2)+(B)(3)	134311034	6875005	141186039	67.66	134366102	6819937	141186039	67.66	0.00
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)	201784288	6875005	208659293	100.00	201839356	6819937	208659293	100.00	0.00

(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 share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	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	18400600	8.82	0.00	18400600	8.82	0.00	0.00
6	Chandra Kant Birla	6000	0.00	0.00	6000	0.00	0.00	0.00
7	Gwalior Finance Corporation Limited	670206	0.32	0.00	670206	0.32	0.00	0.00
8	Hindusthan Discounting Company Limited	3084556	1.48	0.00	3084556	1.48	0.00	0.00
9	Hitaishi Investments Limited	177496	0.09	0.00	177496	0.09	0.00	0.00
10	India Silica Magnesite Works Limited	1065000	0.51	0.00	365000	0.17	0.00	0.00
11	Jaipur Finance And Dairy Products Pvt. Ltd.	662000	0.32	0.00	2362000	1.13	0.00	0.00
12	National Bearing Co. (Jaipur) Limited	22612354	10.84	10.84	21612354	10.36	54.68	10.36
13	National Engineering Industries Limited	905000	0.43	0.43	905000	0.43	0.00	0.00
14	Nirmala Birla	487992	0.23	0.00	487992	0.23	0.00	0.00
15	Ranchi Enterprises And Properties Limited	70500	0.03	0.00	70500	0.03	0.00	0.00
16	Shekhavati Investments And Traders Ltd	1248000	0.60	0.00	1248000	0.60	0.00	0.00
17	Soorya Vanijya And Investment Limited	2805000	1.34	1.34	2805000	1.34	0.00	0.00
18	Miss Avani Birla	0	0.00	0.00	0	0.00	0.00	0.00
19	Miss Avanti Birla	0	0.00	0.00	0	0.00	0.00	0.00
	Total	67473254	32.34	12.59	67473254	32.34	5.67	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	32.24		

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.)	Name of the Promoters	Holding prior to change	Date	Increase	Decrease	Reason	Holding after change
	1. National Bearing Co. (Jaipur)Limited	22612354	7/12/16	-	1000000	Sale	21612354
	2. Jaipur Finance and Dairy Products Pvt. Ltd.	662000 1662000	7/12/16 25/1/17	1000000 700000	- -	Buy Buy	1662000 2362000
	3. India Silica Magnesite Works Limited	1065000	25/1/17	-	700000	Sale	365000
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.	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
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			4960308	2.38		
	a) At the beginning of the year						
	b) Changes during the year	Date	Reason				
		8/4/2016	Sale	- 200000	- 0.09	4760308	2.28
		27/5/2016	Sale	- 218813	- 0.10	4541495	2.18
		3/6/2016	Sale	- 496024	- 0.24	4045471	1.94
		10/6/2016	Sale	- 618082	- 0.29	3427389	1.64
		17/6/2016	Sale	- 650681	- 0.31	2776708	1.33
		24/6/2016	Sale	- 518421	- 0.24	2258287	1.08
		30/6/2016	Sale	- 400000	- 0.19	1858287	0.89
		8/7/2016	Sale	- 735698	- 0.35	1122589	0.54
		15/7/2016	Sale	- 558935	- 0.26	563654	0.27
	c) At the end of the year					563654	0.27
3**	IDBI Bank Limited			4448500	2.13		
	a) At the beginning of the year						
	b) Changes during the year	Date	Reason				
		21/10/2016	Sale	- 300000	- 0.14	4148500	1.99
		28/10/2016	Sale	- 2437380	- 1.16	1711120	0.82
		4/11/2016	Sale	- 1500000	- 0.71	211120	0.10
	c) At the end of the year					211120	0.10
4**	IFCI Limited			2419846	1.16		
	a) At the beginning of the year						
	b) Changes during the year	Date	Reason				
		20/05/2016	Sale	-93302	-0.04	2326544	1.11
		27/05/2016	Sale	-14696	-0.00	2311848	1.11
		3/6/2016	Sale	-160461	-0.07	2151387	1.03
		10/6/2016	Sale	-210516	-0.10	1940871	0.93
		17/6/2016	Sale	-146214	-0.07	1794657	0.86
		30/6/2016	Sale	-646701	-0.30	1147956	0.55
		8/7/2016	Sale	-529538	-0.25	618418	0.30
		15/7/2016	Sale	-184581	-0.08	433837	0.21
		22/7/2016	Sale	-150000	-0.07	283837	0.14
	c) At the end of the year					283837	0.14

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
5**	Tilok Chand Chhabra						
	a) At the beginning of the year			1825946	0.88		
	b) Changes during the year	Date	Reason				
		16/9/2016	Sale	-70000	-0.03	1755946	0.84
		21/10/2016	Sale	-1705946	0.02	50000	0.02
	c) At the end of the year					50000	0.02
6	Anju Baldi (IN300214 - 13378463)						
	a) At the beginning of the year			3414396	1.64		
	b) Changes during the year	Date	Reason				
		8/4/2016	Buy	20000	0.009	3434396	1.65
		22/4/2016	Buy	56000	0.02	3490396	1.67
		29/4/2016	Buy	9605	0.004	3500001	1.68
		30/6/2016	Buy	801088	0.38	4301089	2.06
		24/2/2017	Buy	35111	0.01	4336200	2.08
	c) At the end of the year					4336200	2.08
7	Bank of India						
	a) At the beginning of the year			1495100	0.72		
	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)						
	a) At the beginning of the year			1810551	0.87		
	b) Changes during the year	Date	Reason				
		31/3/2017	Buy	74050	0.03	1884601	0.90
	c) At the end of the year					1884601	0.90
9*	Shiv Narayan Baldi (1204940000170856)						
	a) At the beginning of the year			1187445	0.57		
	b) Changes during the year	Date	Reason				
		30/6/2016	Buy	200000	0.09	1387445	0.66
		31/12/2016	Buy	2181278	1.04	3568723	1.71
	c) At the end of the year					3568723	1.71

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
10*	Indianivesh Securities Pvt Ltd (1204940000000166)						
	a) At the beginning of the year			997713	0.48		
	b) Changes during the year	Date	Reason				
		22/4/2016	Sale	- 50	- 0.00	997663	0.48
		27/5/2016	Buy	170000	0.008	1167663	0.56
		3/6/2016	Buy	284310	0.13	1451973	0.70
		17/6/2016	Buy	2500	0.001	1454473	0.70
		24/6/2016	Buy	306	0.00	1454779	0.70
		30/6/2016	Buy	1810882	0.86	3265661	1.57
		8/7/2016	Sale	- 400	0.00	3265261	1.56
		15/7/2016	Buy	10000	0.004	3275261	1.57
		29/7/2016	Sale	- 11378	- 0.005	3263883	1.56
		5/8/2016	Buy	125600	0.06	3389483	1.62
		12/8/2016	Buy	10643	0.005	3400126	1.63
		19/8/2016	Buy	1	0.00	3400127	1.63
		26/8/2016	Buy	185911	0.08	3586038	1.72
		9/9/2016	Buy	1	0.00	3586039	1.72
		16/9/2016	Sale	- 5	- 0.00	3586034	1.72
		23/9/2016	Sale	- 42500	- 0.02	3543534	1.70
		7/10/2016	Sale	- 144471	- 0.06	3399063	1.63
		21/10/2016	Buy	5500	0.002	3404563	1.63
		28/10/2016	Buy	75700	0.03	3480263	1.67
		4/11/2016	Buy	72825	0.03	3553088	1.70
		11/11/2016	Sale	- 47797	- 0.02	3505291	1.68
		18/11/2016	Buy	32403	0.01	3537694	1.70
		25/11/2016	Sale	- 52003	- 0.02	3485691	1.67
		2/12/2016	Buy	40097	0.01	3525788	1.69
		9/12/2016	Sale	- 13000	- 0.006	3512788	1.68
		16/12/2016	Sale	-100	- 0.00	3512688	1.68
		23/12/2016	Sale	- 25500	- 0.01	3487188	1.67
		31/12/2016	Sale	- 2222661	- 1.06	1264527	0.61
		6/1/2017	Sale	- 12692	- 0.006	1251835	0.60
		13/1/2017	Sale	- 6836	- 0.00	1244999	0.60
		20/1/2017	Buy	41700	0.01	1286699	0.62
		27/1/2017	Sale	- 22000	- 0.01	1264699	0.61
		3/2/2017	Buy	35510	0.01	1300209	0.62
		10/2/2017	Sale	- 68500	- 0.03	1231709	0.59
		24/3/2017	Sale	- 10490	- 0.005	1221219	0.59
		31/3/2017	Sale	-176804	-0.08	1044415	0.50
	c) At the end of the year					1044415	0.50

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
11**	Indianivesh Securities Pvt Ltd (120494000000322)						
	a) At the beginning of the year			2012000	0.96		
	b) Changes during the year	Date	Reason				
		29/4/2016	Buy	170000	0.08	2182000	1.05
		27/5/2016	Sale	-169500	-0.08	2012500	0.96
		28/10/2016	Sale	-1932500	-0.93	80000	0.03
		4/11/2016	Buy	40000	0.01	120000	0.05
		11/11/2016	Buy	15000	0.007	135000	0.06
		18/11/2016	Sale	-80000	-0.03	55000	0.02
		25/11/2016	Buy	1000	0.00	56000	0.02
		30/12/2016	Buy	4000	0.00	60000	0.02
		30/12/2016	Sale	60000	0.00	0	0.00
	c) At the end of the year					0	0.00
12	Lalita Devi Baldi (1204940000103022)						
	a) At the beginning of the year			1375384	0.66		
	b) Changes during the year	Date	Reason				
		31/3/2017	Buy	184503	0.08	1559887	0.75
	c) At the end of the year					1559887	0.75
13*	Chandar Kala Baldi (1201060500094257)						
	a) At the beginning of the year			430239	0.21		
	b) Changes during the year	Date	Reason				
		22/4/2016	Buy	63680	0.03	493919	0.24
		29/4/2016	Buy	158965	0.07	652884	0.31
		3/6/2016	Buy	1350000	0.64	2002884	0.96
		16/12/2016	Buy	295	0.00	2003179	0.96
		23/12/2016	Buy	6111	0.002	2009290	0.96
		31/12/2016	Buy	4	0.00	2009294	0.96
		6/1/2017	Buy	3	0.00	2009297	0.96
		13/1/2017	Buy	36	0.00	2009333	0.96
		20/1/2017	Buy	1	0.00	2009334	0.96
		27/1/2017	Buy	23	0.00	2009357	0.96
		3/2/2017	Buy	3	0.00	2009360	0.96
		17/2/2017	Buy	9	0.00	2009369	0.96
		10/3/2017	Buy	817	0.00	2010186	0.96
	c) At the end of the year					2010186	0.96

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
14*	Rajesh Baldi						
	a) At the beginning of the year			1278838	0.61		
	b) Changes during the year	Date 30/6/2016	Reason Sale	-700	-0.00	1278138	0.61
	c) At the end of the year					1278138	0.61
15*	Sri Govinddeo Educational Institute						
	a) At the beginning of the year			1225860	0.59		
	b) Changes during the year			NO CHANGE DURING THE YEAR			
	c) At the end of the year					1225860	0.59

* Not in the list of top ten shareholders as on 01-04-2016. The same has been reflected above since the shareholder was one of the top ten shareholders as on 31-03-2017.

** Ceased to be in the list of top ten shareholders as on 31-03-2017. The same is reflected above since the shareholder was one of the top ten shareholders as on 01-04-2016.

(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	Sri 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 DURING THE YEAR			
	At the end of the year			1300	0.00

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
2	Sri 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 DURING THE YEAR			
	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	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
Change in Indebtedness during the financial year				
* Addition	3,87,22,088	–	–	3,87,22,088
* Reduction	(5,21,58,086)	(13,440)	–	(5,21,71,526)
Net Change	(1,34,35,998)	(13,440)	–	(1,34,49,438)
Indebtedness at the end of the financial year				
i) Principal Amount	17,84,82,159	17,91,50,070	–	35,76,32,229
ii) Interest due but not paid	2,36,75,702	51,69,429	–	2,88,45,131
iii) Interest accrued but not due	32,05,633	–	–	32,05,633
Total (i+ii+iii)	20,53,63,494	18,43,19,499	–	38,96,82,993

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to directors :**

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Sri Raj Kamal Johri	Smt. Mou Mukherjee	
1.	Independent Directors			
	• Fee for attending board / committee meetings	1,30,000	1,20,000	2,50,000
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	1,30,000	1,20,000	2,50,000
2.	Other Non-Executive Directors	Sri A. Sankaranarayanan	Sri Uttam Bose	
	• Fee for attending board / committee meetings	1,20,000	40,000	1,60,000
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	1,20,000	40,000	1,60,000
	Total = (1+2)			4,10,000
	Total Managerial Remuneration overall ceiling as per the Act			4,10,000

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Company Secretary – Ms. Sanu Agarwal (w.e.f. 25.05.2016)	CEO- Shri Ajay Kumar Bansal (ceased to be Chief Executive Officer w.e.f. 14-05-2016)	CEO- Shri Asim Kumar Basu (w.e.f. 05-08-2016)	CFO – Shri Bhikam Chand Mishra (re-appointed as CFO w.e.f. 11.11.2016)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	326647	390947	2884055	2671235	6272884
	(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	14909	11923	122787	64800	214419
	Total	341556	402670	3006842	2736035	6487303

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
29th May, 2017Uttam Bose
DirectorA. 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)

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, 2017, four meetings of the Board of Directors were held on 25th May, 2016, 5th August, 2016, 11th November, 2016 and 13th February, 2017. The attendance of the Directors in these meetings was as follows :

Name of Directors	Board Meetings		Last Annual General Meeting	
	Meeting held	Meeting held during the tenure	Attended	If Attended
Shri A. Sankaranarayanan	4	4	4	Yes
Shri Raj Kamal Johri	4	4	4	Yes
Shri Uttam Bose	4	4	3	No
Smt. Mou Mukherjee	4	4	4	Yes

(c) Shareholding of Non-Executive Directors

As on 31st March, 2017, number of shares held by Non-Executive Director was as follows :-

Name of Non-Executive Director	No. of Shares held on 31st March, 2017
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
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 21st September, 2016 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, 2017, four Audit Committee Meetings were held on 25th May, 2016, 5th August, 2016, 11th November, 2016 and 13th February, 2017 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	4	4	4
Shri A. Sankaranarayanan	4	4	4
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 25th May, 2016, approved the performance evaluation criteria for Independent Directors.

The annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors (including independent directors) on the basis of rating made by the 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	Chairman
Shri A. Sankaranarayanan	Not-Independent and Non-Executive Director	Member
Smt. Mou Mukherjee	Independent and Non-Executive Director	Member

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.

During the financial year ended 31st March, 2017, three Nomination and Remuneration Committee Meetings were held on 25th May, 2016, 5th August, 2016 and 11th November, 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 held	Meeting held during the tenure	Attended
Shri Raj Kamal Johri (Chairman)	3	3	3
Shri A. Sankaranarayanan	3	3	3
Smt. Mou Mukherjee	3	3	3

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, 2017

Non-Executive Directors

(Amount in `)

Name	Sitting fees for attending Committee and Board Meetings
Shri A. Sankaranarayanan	1,20,000
Shri Raj Kamal Johri	1,30,000
Shri Uttam Bose	40,000
Smt. Mou Mukherjee	1,20,000

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 Ajay Kumar Bansal, the Chief Executive Officer of the Company resigned w.e.f. 13th May, 2016. Thereafter, Shri Asim Kumar Basu was appointed as the Chief Executive Officer of the Company w.e.f. 5th August, 2016. 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.

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 and Non-Executive Director	Member

Ms. Sanu Agarwal is the Company Secretary and also designated as the Compliance Officer

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, 54 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, 2017.

During the financial year ended 31st March, 2017, one Stakeholders Relationship Committee meetings was held on 5th August, 2016. 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, 2017 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	13	13
Non-receipt of Securities	17	17
Non-receipt of Annual Report	14	14
Non-receipt of Securities after transfer	4	4
Non-receipt of Stickers	3	3
Non-receipt of Duplicate/Transmission/Deletion of Scs	3	3
	54	54

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 Committee was further reconstituted by the Board of Directors at its meeting held on 5th August, 2016. The terms of reference of Corporate Risk Management Committee inter alia includes as follows :-

- To continuously identify and prioritize the risks associated with the functioning of the Company;
- To identify risk exposure and adequately monitor and manage the same;
- To develop a well laid down mitigation plan for identified risks with assigned responsibilities to different identified officers;
- To review the efficacy of implementation of mitigation plans;
- 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:-
- An overview of the risk management process;
 - Key observations on the implementation of mitigation plan including deficiencies noticed and corrective actions to be taken;
 - 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, 2017, the Independent Directors met on 9th December, 2016, 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 timeliness 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	21st September, 2016 at 11.00 AM	Rotary Sadan 94/2, Chowringhee Road, Kolkata – 700 020	No
Annual General Meeting	14th August, 2015 at 11.00 AM	Rotary Sadan 94/2, Chowringhee Road, Kolkata – 700 020	Yes
Annual General Meeting	25th September, 2014 at 11.15 AM	Rotary Sadan 94/2, Chowringhee Road, Kolkata – 700 020	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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period ended 31st March, 2017.

10. Means of Communication

Subject	Details
Quarterly results	Published in the newspapers in terms of 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 and Aajkal - 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	22nd September, 2017 at 2.00 PM
Venue	Rotary Sadan Rotary Children's Welfare Trust 94/2 Chowringhee Road Kolkata – 700 020
Financial Calendar for F.Y. 2017-18 (1st April, 2017 to 31st March, 2018)	a. On or before 14th August, 2017
	b. On or before 14th November, 2017
	c. On or before 14th February, 2018
	d. On or before 30th May, 2018
Date of Book closure	a 15th September, 2017 to 22nd September, 2017 (both days inclusive)

Dividend Payment	In view of the deficit in the Statement of Profit & 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

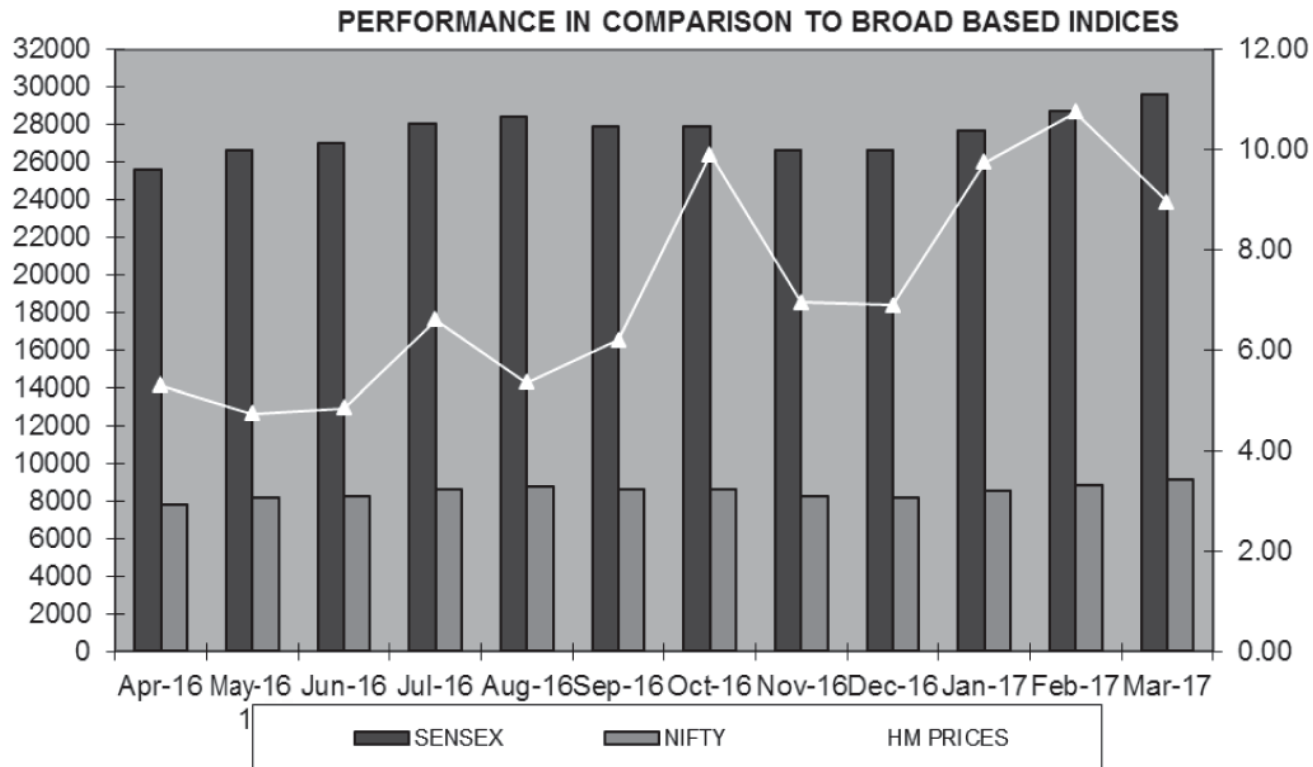
The Company’s shares are listed on National Stock Exchange of India Limited and BSE Limited. The monthly high and low quotations of shares traded during the financial year ended 31st March, 2017 are as below :

(Amount in `)

Month	NSE		BSE	
	High	Low	High	Low
April – 2016	5.55	5.00	5.55	5.05
May – 2016	5.35	4.60	5.32	4.64
June – 2016	5.15	4.55	5.09	4.51
July – 2016	7.15	4.70	7.10	4.72
August – 2016	7.10	5.00	7.08	5.20
September – 2016	7.20	5.30	7.17	5.06
October – 2016	11.10	6.20	11.15	6.23
November – 2016	10.10	6.55	10.47	6.50
December – 2016	7.75	6.70	7.95	6.66
January – 2017	12.00	6.80	11.90	6.82
February – 2017	12.90	9.70	12.80	9.35
March - 2017	10.95	8.60	10.90	8.62

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) 6628-5934/5901

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, 2017, 14512 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, 2017

No. of Shares	Shareholders		Shares	
	Numbers	%	Numbers	%
1 – 500	101881	79.27	17713275	8.49
501 – 1000	13292	10.34	11431170	5.48
1001 – 2000	6409	4.99	10182275	4.88
2001 – 3000	2209	1.72	5763473	2.76
3001 – 4000	962	0.75	3503623	1.68
4001 – 5000	1091	0.85	5271057	2.53
5001 – 10000	1431	1.11	11080654	5.31
10001 – 20000	652	0.51	9621161	4.61
20001 and above	598	0.47	134092605	64.26
Total	128525	100.00	208659293	100.00

Category of Shareholders as on 31st March, 2017

Sl. No.	Category	No. of Holders	% of holders	No. of Sahres	% of Shareholding
1.	Promoters	17	0.01	67473254	32.34
2.	Mutual Funds/UTI	16	0.01	66450	0.03
3.	Financial Institutions/Banks/ Insurance Companies	69	0.05	12129243	5.81
4.	Foreign Institutional Investors	11	0.01	41517	0.02
5.	Private Corporate Bodies	1488	1.16	15960506	7.65
6.	Resident Individuals	124993	97.25	109567484	52.51
7.	NRIs & OCBs	1826	1.42	2016308	0.97
8.	Clearing Members	94	0.07	419852	0.20
9.	Trusts	10	0.01	18839	0.01
10.	Unclaimed Suspense Account	1	0.00	965840	0.46
	TOTAL	128525	100.00	208659293	100.00

Disclosure of Unclaimed Suspense Account as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sl. No.	Particulars	No. of Shareholders	No. of Shares
i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2016	5620	966197
ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	1	357
iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	1	357
iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2017	5619	965840

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, 2017, about 96.73% of the Company's shares were held in dematerialised form.

Plant Locations (Manufacturing Units)

Sl. No.	Address	Items Produced
1.	Uttarpara Division (UTP), Hindmotor District Hooghly West Bengal – 712 233	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 29, 2017

The Board of Directors
Hindustan Motors Limited
"Birla Building", 10th 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/-

Asim Kumar Basu
Chief Executive Officer

Address for Correspondence :

- For matters related to shares :
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) 6628-5934 / 5901
- For queries/assistance on issues other than shares (including those related to financial statements) :
Ms. Sanu Agarwal
Company Secretary
Hindustan Motors Ltd
"Birla Building", 10th 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 Director seeking reappointment at the ensuing Annual General Meeting :

Name of Director	Shri A. Sankaranarayanan
Date of birth	29th July, 1942
Date of appointment	24th May, 2004
Qualification	B.E. (Mech)
Nature of expertise in specific functional areas	As an Engineer of high caliber he has expertise in developing and introducing new products, updating existing product range and mix in achieving import substitutions and strengthening the In-house R&D activities.
Names of directorship in other companies (only public limited companies have been considered)	1. Birlasoft (India) Ltd. 2. Neosym Industry Limited 3. AVTEC Ltd.
Names of committees of other companies in which the director is a member.	1. Audit Committee of AVTEC Ltd. 2. Audit Committee of Neosym Industries Ltd. 3. Audit Committee of Birlasoft (India) Ltd.
No. of shares held in the Company	1300
Relationships with other Directors	No

The above report was placed before and approved by the Board at its Meeting held on 29th May, 2017.

For and on behalf of the Board of Directors

Kolkata
29th May, 2017

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 2017, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').

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.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

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

Place : Kolkata
Date : 29th May, 2017

Asish Kumar Mukhopadhyay
Partner
Membership No. : 056359

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, 2017, 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
29th May, 2017

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, 2017.

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 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. Ajay Kumar Bansal – Chief Executive Officer -(ceased to be Chief Executive Officer w.e.f. 14-05-2016): NA Shri. Asim Kumar Basu – Chief Executive Officer w.e.f. 05-08-2016: 7% increase w.e.f. 1st April, 2016. No increase in pay on appointment as CEO. Shri B. C. Mishra - Chief Financial Officer: 6.8% increase Ms. Sanu Agarwal - Company Secretary w.e.f. 25.05.2016: 78.77% increase Overall increase in remuneration for managerial personnel w.e.f 01.04.2017 is 9.03%
(iii)	The percentage increase in the median remuneration of employees in the financial year.	1.5% NB : Employees continuing on duty as on 31.3.2016 and 31.3.2017 are considered only
(iv)	The number of permanent employees on the rolls of the Company.	655 employees as on 31.03.2017 for Uttarpara Unit 08 employees as on 31.03.2017 for Pithampur Unit Total = 663 Employees on Roll as on 31.3.2017
(v)	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.	Average salary increase of non-managerial employees is 1.5%. NB: Except KMPs, all employees on duty are considered. The increase in the managerial remuneration is as given in (ii) above. Ms. Sanu Agarwal was promoted from her existing designation of Assistant Company Secretary to Company Secretary w.e.f. 25.05.2016.
(vi)	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
29th May, 2017

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) Amendment Rules, 2016 and forming part of the Directors' Report for the year ended March 31, 2017.

- No employee throughout the financial year 2016-17 was in receipt of remuneration, which, in the aggregate was Rupees One crore and two lakh or more.
- No employee for a part of the financial year 2016-17, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate was Rupees Eighty lakh and fifty thousand or more per month.

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

For and on behalf of the Board of Directors

Kolkata
29th May, 2017

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 equipment	NIL

(b) Technology absorption

(i) The efforts made towards technology absorption	All research and development efforts towards redesign and upgrading of product at Uttarpara Plant were put on hold due to suspension of work
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	Not Applicable
(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	
(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	` 6.86 lacs

For and on behalf of the Board of Directors

Kolkata
29th May, 2017

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-8 to the Directors' Report

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

*[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", 10th Floor,

Western Side, 9/1 R. N. Mukherjee Road,

Kolkata - 700 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/S HINDUSTAN MOTORS LIMITED** (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 Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the audit period covering the period 1st April, 2016 to 31st March, 2017, we hereby report that in our opinion, the Company has, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on, 31st March, 2017 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Sick Industrial Companies Act, 1985;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI' Act) :

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and

the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2016;

- (d) 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;

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 there under, to the extent of their applicability to the Company during the Financial Year ended 31.03.2017 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 judgement 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.

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals

We further report that the provisions of the following regulations/guidelines/standards were not applicable to the Company for the Financial Year ended 31.03.2017 :

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- c) SEBI (Share Based Employee Benefits) Regulations, 2014;
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- I. 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
- II. The Listing Agreements entered by the Company with The National Stock Exchange of India Ltd and BSE Ltd..

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.
- 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.

Management Responsibility

1. Maintenance of secretarial records is the responsibility of the Management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit
2. We have followed the Audit practice and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial' records. We believe that the process and practice, we followed & provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial records and Books of Accounts of the company or verified the compliance of Laws other than those mentioned above.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

We further report that :

- (i) The suspension of work at Uttarpara Plant and lay off at Pithampur Plant is continuing during the Financial Year 2016-17.
- (ii) The Company was registered as Sick Company with Board for Industrial and Financial 'Reconstruction (BIFR) under Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). However, SICA is repealed on and from 1st December, 2016 with the effectiveness of Sick Industrial Companies (Special Provisions) Repeal Act, 2003.
- (iii) The Company has executed an agreement with Peugeot Citroen Automobiles S. A. (PCA) dated 10th February, 2017 for the sale of its Ambassador Brand.

We further report that during the Audit period, the company has not incurred any specific event/action that can have a major, bearing on the companies compliance responsibilities in pursuance of the above referred laws, Rules, regulations, guidelines, standards etc.

This Report is to be read with our letter of even date which is annexed "ANNEXURE - A" and forms an Integral Part of this Report.

For **RBM & Associates**
Company Secretaries

Radhaballav Mandal
Proprietor
C.P. No. : 8659

Place : Kolkata
Date : 29th May, 2017

ANNEXURE - A

**(TO THE SECRETARIAL AUDIT REPORT OF M/S HINDUSTAN MOTORS LIMITED FOR
THE FINANCIAL YEAR ENDED 31ST MARCH, 2017)**

To,
The Members,
Hindustan Motors Limited
"Birla Building", 10th Floor,
Western Side, 9/1 R. N. Mukherjee Road,
Kolkata - 700 001

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the Audit practices and processes as where appropriate 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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 procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RBM & Associates
Company Secretaries

Radhaballav Mandal
Proprietor
C.P. No. : 8659

Place: Kolkata
Date : 29th May, 2017

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	Reporting period for the Subsidiary is for the period ended 15th February, 2017 and the period for the holding company is year ended 31st March, 2017
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 \$ = 66.9193
3. Share Capital	(` in Lacs) 158.64
4. Reserves & Surplus	- 297.04
5. Total Assets	9.33
6. Total Liabilities (Including Share Capital & Reserves & Surplus)	9.33
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
29th May, 2017

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 Financial Statements

We have audited the accompanying financial statements of Hindustan Motors Limited (*"the Company"*), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information .

Management's Responsibility for the 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of affairs of the Company as at 31st March, 2017, 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 40 to the Notes to the financial statements which indicates that the net worth of, the Company is fully eroded as at 31st

March, 2017, 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 the matter.

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 42.
 - 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 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, read with Companies (Audit & Auditors) amendment rules, 2017, 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 29 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. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company except as indicated in Note 10 to the financial statements
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company. Refer Note 34 to the financial statements.

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

Asish Kumar Mukhopadhyay
Partner

Place : Kolkata

Date : 29th May, 2017

Membership No. : 056359

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 its 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 immovable 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	486.43	April, 2013 to June, 2014	May, 2013 to July, 2014	Not paid
West Bengal Value Added Tax Act, 2003	VAT	1201.32	April, 2013 to June, 2014	May, 2013 to July, 2014	Not paid
The Central Sales Tax Act, 1956	Sales Tax Deferral credit	1022.52	June, 2012 to June, 2014	July, 2012 to July, 2014	Not paid
West Bengal Sales Tax Act, 1994	Sales Tax Deferral credit	1959.77	June, 2012 to March, 2014	July, 2012 to April, 2014	Not paid
West Bengal Value Added Tax Act, 2003	Sales Tax Deferral credit	50.35	April, 2014 to June, 2014	July, 2014	Not paid
The West Bengal Municipal Act, 1993	Municipal Tax under Uttarpara Kotrang Municipality	96.60	April 2012 to March, 2015	April, 2013 to April, 2016	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	5,427.10	1984-2015	CESTAT, High Court / Commissioner (Appeals) / Commissioner/Additional Commissioner / Joint Commissioner Assistant Commissioner of Central Excise.
The Central Sales Tax Act, 1956	Stock Transfer, Non-submission of C/D Forms etc	987.44	1995-2015	High Court/ W.B. Commercial Taxes Appellate and Revisional Board/ Additional Commissioner-Appeal/ Joint Commissioner- Appeal
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 taxes Appellate & Revision board
West Bengal Value Added Tax Act, 2003	Provisional Assessment, Enhancement of turnover with wrong calculation and taxed	6005.80	2007-2015	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
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	2011-2012	Commercial Tax Officer
W.B. Commercial Tax Act	Entry Tax	149.09	2012-2014	High Court

- (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 Bank of Baroda during the year amounting to Rs.3.12 lakhs with an overall delay of less than 90 days and Rs.133.39 lakhs from UCO Bank with an overall delay of more than 90 days. The overdrawn balance remains Rs.1.78 lakhs and 133.39 lakhs for Bank of Baroda and UCO Bank respectively 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. 684.33 lakhs and interest amount of Rs. 172.53 lakhs as on Balance Sheet date, due since September 29, 2016.

- (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) According to the information and explanations given to us, no managerial remuneration is paid during the year by the Company. Accordingly, clause of paragraph 3 of the aforesaid Order is not applicable to the Company.

- (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)

Asish Kumar Mukhopadhyay
Partner

Place : Kolkata

Date : 29th May, 2017

Membership No. : 056359

ANNEXURE A

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE 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 Financial Statements

We have audited the internal financial controls over financial reporting of Hindustan Motors Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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, 2017, 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)

Asish Kumar Mukhopadhyay
Partner

Place : Kolkata

Date : 29th May, 2017

Membership No. : 056359

Balance Sheet as at March 31, 2017

			in Lakhs	
	Notes	As at March 31, 2017	As at March 31, 2016	
EQUITY AND LIABILITIES				
A. SHAREHOLDERS' FUNDS				
Share Capital	2	10441.44	10441.44	
Reserves and Surplus	3	(21700.70)	(19786.85)	
		(11259.26)	(9345.41)	
B. NON-CURRENT LIABILITIES				
Long-Term Borrowings	4	—	684.33	
Deferred Tax Liability (Net)	5	—	—	
Other Long-Term Liabilities	6	143.56	147.06	
Long-Term Provisions	7	506.24	166.86	
		649.80	998.25	
C. CURRENT LIABILITIES				
Short-Term Borrowings	8	416.15	280.90	
Trade Payables	9			
Total outstanding dues of micro enterprises and small enterprises; and		292.46	292.46	
Total outstanding dues of creditors other than micro enterprises and small enterprises		2091.75	2234.39	
Other Current Liabilities	10	11574.88	10552.01	
Short-Term Provisions	11	147.50	146.02	
		14522.74	13505.78	
		3913.28	5158.62	
ASSETS				
D. NON-CURRENT ASSETS				
Fixed Assets				
Tangible Assets	12	2501.76	2617.35	
Intangible Assets	12	56.47	102.33	
		2558.23	2719.68	
Non-Current Investments	13	10.94	13.94	
Long-Term Loans and Advances	14	412.60	426.82	
Other Non-Current Assets	15	—	—	
		2981.77	3160.44	
E. CURRENT ASSETS				
Inventories	16	326.84	699.53	
Trade Receivables	17	102.85	117.88	
Cash and Bank Balances	18	5.09	4.71	
Short-Term Loans and Advances	19	262.99	312.13	
Other Current Assets	20	233.74	863.93	
		931.51	1998.18	
		3913.28	5158.62	

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

Asish Kumar Mukhopadhyay

Partner

Membership No. 056359

Place : Kolkata

Date : May 29, 2017

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, 2017

` in Lakhs

	<u>Notes</u>	<u>2016-2017</u>	<u>2015-2016</u>
A INCOME			
Revenue from Operations (Gross)	21	112.93	87.36
Less: Excise Duty		10.72	6.07
Revenue from Operations (Net)		102.21	81.29
Other Income	22	115.88	156.44
		218.09	237.73
B. EXPENSES			
Cost of Raw Materials and Components Consumed	23	104.18	123.42
Decrease in Stocks	24	184.61	207.12
Employee Benefits Expense	25	278.04	1412.26
Finance Costs	26	1030.12	1035.56
Depreciation and Amortisation Expense	27	155.82	189.17
Other Expenses	28	469.17	474.67
		2221.94	3442.20
Profit / (Loss) Before Exceptional Items and Tax		(2003.85)	(3204.47)
Add : Exceptional Items			
Surplus on Sale of Non Current Investments		90.00	—
Profit / (Loss) Before Tax		(1913.85)	(3204.47)
Tax Expenses - Current Tax		—	—
Profit / (Loss) for the period		(1913.85)	(3204.47)
 Earning per Equity Share (Nominal value of Share `5)	30		
Basic	`	(0.91)	(1.54)
Diluted	`	(0.91)	(1.54)

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

Asish Kumar Mukhopadhyay
Partner
Membership No. 056359
Place : Kolkata
Date : May 29, 2017

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, 2017

	2016-2017	2015-2016
A CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT / (LOSS) BEFORE TAX	(1,913.85)	(3,204.47)
ADJUSTMENTS FOR:		
Depreciation and amortisation Expense	155.82	189.17
Exceptional Income	(90.00)	—
Interest Income	(0.85)	(5.95)
Finance Costs	1,030.12	1,035.56
Unspent Liabilities and Provisions no longer required written back	(71.78)	(104.10)
Provision for doubtful debts and advances (Net)	6.06	14.55
Unrealised Foreign Exchange Loss (Gain)	1.37	—
Net (Gain) / Loss on Fixed Assets Sold/Discarded	0.65	3.41
Dividend Income	(1.50)	(1.50)
OPERATING (LOSS) BEFORE WORKING CAPITAL CHANGES	(883.96)	(2,073.33)
Movement in working capital		
Increase/(Decrease) in Other Long Term Liabilities	(3.50)	(8.26)
Increase/(Decrease) in Trade Payable and Other Current Liabilities	33.49	1,883.06
Increase/(Decrease) in Long Term provisions	339.38	(573.13)
Increase/(Decrease) in Short Term provisions	1.48	(19.19)
Decrease/(Increase) in Trade Receivables	8.97	3.11
Decrease/(Increase) in Long-Term Loans and Advances and Other Non- Current Assets	103.46	3.06
Decrease/(Increase) in Short-Term Loans and Advances and Other Current Assets	679.33	1,167.00
Decrease/(Increase) in Inventories	372.69	354.71
CASH USED IN OPERATIONS	651.34	737.03
Add : Current Tax (Paid) / Refund	3.76	115.37
NET CASH USED IN OPERATING ACTIVITIES	655.10	852.40
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	4.98	17.85
Dividend Received	1.50	1.50
Interest Received on Fixed Deposits and others	0.85	6.18
Proceeds of Fixed Deposits	—	10.75
NET CASH GENERATED FROM INVESTING ACTIVITIES	7.33	36.28
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term borrowings including current maturity	(346.26)	—
Net Increase / (Decrease) in Intercompany Deposits and others	—	42.03
Interest Paid	(315.79)	(938.76)
NET CASH USED IN FINANCING ACTIVITIES	(662.05)	(896.73)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	0.38	(8.05)
CASH & CASH EQUIVALENTS - BEGINNING OF THE YEAR	4.71	12.76
*CASH & CASH EQUIVALENTS - AT THE END OF THE YEAR (As per Note 18)	5.09	4.71

* Includes ₹ 1.95 lakhs (₹ 1.95 lakhs) lying in Unpaid Dividend Account.

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

Asish Kumar Mukhopadhyay

Partner

Membership No. 056359

Place : Kolkata

Date : May 29, 2017

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, 2017

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, unless otherwise stated.

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, 2017 (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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Expenses account.

Notes to financial statements for the year ended March 31, 2017 (Contd.)

(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.

(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

Notes to financial statements for the year ended March 31, 2017 (Contd.)

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.

(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.

Notes to financial statements for the year ended March 31, 2017 (Contd.)

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, 2017 (Contd.)

₹ in Lakhs

	As at March 31, 2017	As at March 31, 2016
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
	22000.00	22000.00
Issued		
20,90,76,597 (20,90,76,597) Equity Shares of ₹ 5 each	10453.83	10453.83
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
	10441.44	10441.44

- 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	208,659,293	208,659,293
Outstanding at the end of the year	208,659,293	208,659,293

- 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.

	As at March 31, 2017		As at March 31, 2016	
Name of Shareholders	No. of Shares	% of Holding	No. of Shares	% of Holding
National Bearing Co. (Jaipur) Ltd.	21,612,354	10.36%	22,612,354	10.84%
Central India Industries Ltd.	18,400,600	8.82%	18,400,600	8.82%

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, 2017 (Contd.)

	As at March 31, 2017	As at March 31, 2016
in Lakhs		
A. SHAREHOLDERS' FUND		
NOTE 3 : RESERVES AND SRPLUS		
a) Capital Reserve		
As per last account	3.53	3.53
b) Securities Premium Account		
As per last account	2771.60	2771.60
c) Revaluation Reserve		
As per last account	728.48	729.82
Less : Adjusted towards assets discarded	1.78	1.34
	726.70	728.48
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	(23305.46)	(20100.99)
Less : Revaluation Reserve adjusted on discarding of assets	1.78	—
Add : Profit / (Loss) for the period	(1913.85)	(3204.47)
	(25217.53)	(23305.46)
	(21700.70)	(19786.85)

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 year ended March 31, 2015.

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

Privately Placed Non-Convertible Debentures	—	684.33
Nil (20,53,00,000) 10.25% Secured Non-Convertible Debentures of ` Nil each (` 0.33) each	—	684.33

Notes to financial statements for the year ended March 31, 2017 (Contd.)

	` in Lakhs	
	As at March 31, 2017	As at March 31, 2016
B NON-CURRENT LIABILITIES		
<u>NOTE 5 : DEFERRED TAX LIABILITY (NET)</u>		
Deferred tax liability arising on account of :		
Timing Difference in Depreciable Assets	339.21	439.16
Deferred tax assets arising on account of :		
Expenses allowable against taxable income in future years	2583.30	2206.97
Unabsorbed depreciation and carried forward business losses	4836.34	4541.07
	7419.64	6748.04
	(7080.43)	(6308.88)
Less : Deferred Tax Asset not recognised (Refer Note below)	7080.43	6308.88
	-	-
In terms of accounting policy (1.2)(xv)(b) followed by the Company, deferred tax assets of ` 7080.43 lakhs (` 6308.88 lakhs) have not been recognised.		
<u>NOTE 6 : OTHER LONG TERM LIABILITIES</u>		
Security and Other Deposits	143.56	147.06
	143.56	147.06
<u>NOTE 7 : LONG-TERM PROVISIONS</u>		
Gratuity (Refer Note 35)	371.10	41.32
Leave Liability (Refer Note 35)	135.14	125.54
	506.24	166.86
<u>NOTE 8 : SHORT TERM BORROWINGS</u>		
SECURED		
From Banks - Cash Credits	416.15	280.90
	416.15	280.90
Note : Cash Credits facilities from Banks ` 416.15 lakhs (` 280.90 lakhs) 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.		
<u>NOTE 9 : TRADE PAYABLES</u>		
Goods and Services		
Total outstanding dues of micro enterprises and small enterprises; and	292.46	292.46
Total outstanding dues of creditors other than micro enterprises and small enterprises	2091.75	2234.39
	2384.21	2526.85
(Refer Note 33 for details of dues to micro and small enterprises)		

Notes to financial statements for the year ended March 31, 2017 (Contd.)

	As at March 31, 2017	As at March 31, 2016
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**	1368.67	1030.60
Current portion of amount payable under Voluntarily Retirement Schemes	68.32	70.36
Interest accrued on borrowings :		
Due	288.45	180.00
Not due	32.06	63.99
Advance against sales / Sale of Fixed Assets	211.58	105.86
Statutory dues payable	4274.16	3528.17
Payable against Purchase of Fixed Assets	53.00	53.00
Liabilities for Expenses on Employee Benefits	1644.75	1969.01
Liabilities for Other Expenses	1081.66	991.58
Other Payables	744.35	751.56
Security and Other Deposits	14.43	14.43
Investor Education and Protection Fund*		
Unpaid Dividend	1.95	1.95
	11574.88	10552.01

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

** 10.25% Non convertible Debentures of ` 2053.00 lakhs are redeemable in three equal installments of ` 684.33 lakhs each along with 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.

Note :

1. Repayment of interest free Sales Tax Deferral Credit (STDC) of ` 1791.50 lakhs, which became due in the year ended March 31, 2015 with penal interest ` 1241.12 lakhs has not been paid as on the Balance Sheet date.
2. 2nd Installment of Non convertible Debentures, which became due on Sept. 29, 2016 but has not been paid as on the Balance Sheet date.

	in Lakhs
Principal amount	684.33
Interest amount	172.53

NOTE 11 : SHORT-TERM PROVISIONS

Leave Liability (Refer Note 35)	8.79	7.31
Provision for Taxation [Net of tax deducted at source of ` 97.86 lakhs (` 97.86 lakhs)]	138.71	138.71
	147.50	146.02

Notes to financial statements for the year ended March 31, 2017 (Contd.)

NOTE 12 : Fixed Assets

₹ In lakhs

	Tangible Assets								Intangible Assets		
Particulars	Freehold Land	Leasehold Land	Buildings (a) & (b)	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software	Product Development	Total
At Cost or Revalued Amount											
As at March 31, 2015	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	-	-	-
As at March 31, 2016	660.08	17.72	4182.92	17672.17	326.99	339.37	132.50	23331.75	166.01	206.69	372.70
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	44.75	61.55	-	-	6.30	112.60	-	-	-
As at March 31, 2017	660.08	17.72	4138.17	17610.62	326.99	339.37	126.20	23219.15	166.01	206.69	372.70
Depreciation											
As at March 31, 2015	-	4.88	3677.44	16188.45	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	-	-	-
As at March 31, 2016	-	5.07	3699.72	16260.77	315.69	321.10	112.05	20714.40	160.80	109.57	270.37
Charge for the period	-	0.19	33.19	67.54	1.02	1.74	6.28	109.96	4.52	41.34	45.86
Disposals	-	-	42.51	58.48	0.00	0.00	5.98	106.97	-	-	-
As at March 31, 2017	-	5.26	3690.40	16269.83	316.71	322.84	112.35	20717.39	165.32	150.91	316.23
Net Block											
As at March 31, 2016	660.08	12.65	483.20	1411.40	11.30	18.27	20.45	2617.35	5.21	97.12	102.33
As at March 31, 2017	660.08	12.46	447.77	1340.79	10.28	16.53	13.85	2501.76	0.69	55.78	56.47

Notes :

- Includes ₹ 4.50 lakhs (₹ 4.50 lakhs) being the value of shares in Co-operative Housing Societies.
- Includes proportionate cost of a part of Building (on leasehold land) and Other Assets amounting to ₹ 0.87 lakhs (₹ 0.87 lakhs) held in Joint Ownership basis with others at Kolkata.
- Land and Buildings at Ultarpura 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, 2017 (Contd.)

			As at March 31, 2017	in Lakhs	As at March 31, 2016
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
			0.10		0.10
EQUITY SHARES					
Birla Buildings Limited	Nil (30000)	10	0.00		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
			10.84		13.84
EQUITY SHARES IN SUBSIDIARY COMPANY (Refer Note 43)					
Common Stock					
Hindustan Motors Limited, USA	100000 (100000)	US \$4	163.09		163.09
(Incorporated in the State of Delaware, USA)					
Less : Diminution in the value of Investment			163.09		163.09
			-		-
			10.94		13.94
NOTE 14 : LONG-TERM LOANS AND ADVANCES					
Unsecured considered good					
Advance payment of Income Tax and Refunds Receivable			15.94		19.70
Deposits with Government Department and Others			50.59		61.05
Sales tax, VAT and Other Refunds Receivable (including amount paid under appeal)			346.07		346.07
			412.60		426.82
Unsecured considered doubtful					
Deposits with Government Department and Others			91.79		91.39
Sales tax, VAT and Other Refunds Receivable (including amount paid under appeal)			55.24		55.24
			147.03		146.63
Less : Provision for Doubtful Loans and Advances			147.03		146.63
			-		-
			412.60		426.82
NOTE 15 : OTHER NON-CURRENT ASSETS					
Unsecured Considered Doubtful					
Export Incentives Receivable			1.51		1.51
			1.51		1.51
Less : Provision for Doubtful Claims			1.51		1.51
			-		-

Notes to financial statements for the year ended March 31, 2017 (Contd.)

	` in Lakhs	
	As at March 31, 2017	As at March 31, 2016
E. CURRENT ASSETS		
NOTE 16 : INVENTORIES		
At lower of cost and net realisable value		
Stores and Spares	18.22	50.37
Loose Tools	0.02	51.77
Raw Materials and Components	193.19	297.37
Goods under process *	96.69	178.00
Finished Goods *	18.52	36.76
Traded Goods	0.20	85.26
	326.84	699.53
* Refer Note 24 for break-up.		
NOTE 17 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months from the date they are due		
Considered good		
Secured	35.02	36.24
Unsecured	67.83	106.96
Considered doubtful-Unsecured	44.48	41.54
	147.33	148.50
Less : Provision for Doubtful Trade Receivables	44.48	41.54
	102.85	106.96
Other Debts Considered good		
Unsecured	—	10.92
	102.85	117.88
NOTE 18 : CASH AND BANK BALANCES (Refer Note 34)		
Cash and Cash Equivalents		
Cash-on-hand	0.12	0.25
Balances with Banks		
Current Account	3.02	2.51
Unpaid Dividend Account	1.95	4.46
	5.09	4.71

Notes to financial statements for the year ended March 31, 2017 (Contd.)

` in Lakhs

	As at March 31, 2017	As at March 31, 2016
E. CURRENT ASSETS		
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	124.75	173.09
Sales tax, VAT and Other refunds receivable	33.51	31.33
Balances with Customs, Port Trust & Other Government Departments	96.64	97.33
Prepaid Expenses	8.09	10.38
	<u>262.99</u>	<u>312.13</u>
Unsecured considered doubtful		
Loan to Hindustan Motors Limited, USA, a Subsidiary company (Refer Note 43)	107.65	107.65
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	48.75	46.03
	<u>156.40</u>	<u>153.68</u>
Less : Provision for Doubtful Loans and Advances includes loan to Subsidiary Company which has been dissolved during the year	156.40	153.68
	<u>-</u>	<u>-</u>
	<u>262.99</u>	<u>312.13</u>
NOTE 20 : OTHER CURRENT ASSETS		
Unsecured considered good		
Other Receivables	233.74	863.93
	<u>233.74</u>	<u>863.93</u>

Notes to financial statements for the year ended March 31, 2017 (Contd.)

	in Lakhs	
	2016-2017	2015-2016
A. INCOME		
<u>NOTE 21 : REVENUE FROM OPERATIONS</u>		
Sale of Products (Including traded goods)		
Vehicles	–	25.31
Spare Parts of Vehicles	41.92	–
Other Operating Revenues	71.01	62.05
	112.93	87.36

Note : Sales includes excise duty, delivery charges and is after adjusting discounts.

NOTE 22 : OTHER INCOME

Interest on Debts, Deposits, Advances etc.	0.85	5.95
Dividend Income on Non Current Investments (Other than Trade)	1.50	1.50
Unspent Liabilities and Provisions no longer required written back	71.78	104.10
Other Non-Operating income (Net)	41.75	44.89
	115.88	156.44

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

Opening Stock	297.37	418.27
Add: Purchases	–	2.52
	297.37	420.79
Less: Closing Stock	193.19	297.37
	104.18	123.42

Note : Consumption of Raw Materials and Components includes profit / loss on sale thereof and provision for obsolesces of Raw material & Components (Refer note 39 & 41).

DETAILS OF RAW MATERIALS AND COMPONENT CONSUMED

Steel Sheets, Plates and Flat Steel	–	19.06
Bar, Billets, Channels and Angles	–	3.24
Tyres and Tubes	–	0.11
Other Components and Production Stores (including processing charges)	104.18	101.01
	104.18	123.42

Notes to financial statements for the year ended March 31, 2017 (Contd.)

	` in Lakhs		
	2016-2017		2015-2016
<u>NOTE 24 : DECREASE IN STOCKS</u>			
Closing Stock			
Goods under Process			
Vehicles	88.03	121.52	
Steel Products and Components	8.66	56.48	178.00
Finished Goods			
Vehicles	18.52	17.29	
Spare Parts of Vehicles	-	19.47	36.76
Traded Goods			
Spare Parts of Vehicles	0.20	85.26	
	115.41		300.02
Opening Stock			
Goods under Process			
Vehicles	121.52	267.75	
Steel Products and Components	56.48	75.15	342.90
Finished Goods			
Vehicles	17.29	40.67	
Spare Parts of Vehicles	19.47	21.31	61.98
Traded Goods			
Spare Parts of Vehicles	85.26	102.26	
	300.02		507.14
	184.61		207.12
B. EXPENSES			
<u>NOTE 25 : EMPLOYEE BENEFITS EXPENSE</u>			
Salaries, Wages and Bonus.	195.96	976.20	
Contribution to Provident, Gratuity & Other Funds	73.78	416.95	
Welfare Expenses	8.30	19.11	
	278.04		1412.26
<u>NOTE 26 : FINANCE COSTS</u>			
Interest Expense	1029.07	1028.36	
Bank charges and Others	1.05	7.20	
	1030.12		1035.56
<u>NOTE 27 : DEPRECIATION AND AMORTISATION EXPENSE</u>			
On Tangible Assets	109.96	146.18	
On Intangible Assets	45.86	42.99	
	155.82		189.17

Notes to financial statements for the year ended March 31, 2017 (Contd.)

		` in Lakhs	
		2016-2017	2015-2016
B. EXPENSES			
<u>NOTE 28 : OTHER EXPENSES</u>			
Consumption of Stores and Spares		86.99	26.68
Increase / (Decrease) in Excise duty on Stocks		–	(2.23)
Fuel and Electricity (Net)		16.42	17.92
Rent and Hire charges		9.77	17.64
Building Repairs		10.22	8.93
Machinery Repairs		0.17	0.17
Insurance		6.18	7.36
Rates and Taxes		102.45	121.56
Advertising, Selling expenses and Claims		0.24	0.76
Delivery Charges, Freight & Transportation		0.58	0.91
Auditors' Remuneration :			
As auditor			
Audit fee		5.50	4.00
Limited review fee		3.00	3.00
Certification and other services fee		0.60	–
Tax audit fee		–	1.00
Exchange Rate Difference		1.37	–
Directors' Travelling		0.69	1.72
Legal and Professional Service charges		153.19	163.77
Travelling & Conveyance		7.53	8.54
Motor Car		2.64	3.17
Printing & Stationery		11.36	25.96
Membership & Subscription		18.33	16.64
Directors' Remuneration		4.10	4.40
Factory Sanitation & Cleaning		2.97	4.41
Miscellaneous Expenses		18.16	20.40
Provision for Doubtful Debts, Claims and Advances	6.06	20.47	
Less : Written back	–	6.06	5.92
Net Loss on Fixed Assets sold / discarded		0.65	3.41
		469.17	474.67

Notes to financial statements for the year ended March 31, 2017 (Contd.)

	As at March 31, 2017	As at March 31, 2016
29. Contingent Liabilities not provided for in respect of :		
(a) Claims & Government demands against the Company not acknowledged as debts		
i) Excise Duty	4749.53	5659.18
ii) Sales Tax	6159.74	6157.21
iii) Customs Duty	394.96	394.96
iv) Service Tax	685.23	1085.73
v) Others	1039.93	1130.95
<p>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 ` 377.09 lakhs (` 369.77 lakhs).</p> <p>Included in the above are contingent liabilities to the extent of ` 1187.20 lakhs (` 1187.20 lakhs) 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 lakhs (` 502.21 lakhs) 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 ` 1393.89 lakhs (` 1814.41 lakhs) 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 lakhs (` 667.29 lakhs) in case of erstwhile Power Unit Plant are covered by counter guarantees by the customers.</p>		
(b) 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.		

Notes to financial statements for the year ended March 31, 2017 (Contd.)**30. Earnings per Share (EPS)**

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

	` in Lakhs	
	2016-17	2015-16
Profit/(Loss) after tax as per Statement of Profit & Loss	(1913.85)	(3204.47)
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 (`)	(0.91)	(1.54)
Diluted EPS (`)	(0.91)	(1.54)

31. Movement in Provisions for Warranties is as follows :

` in Lakhs				
As at April 01, 2016	Additions	Amount utilised	Amount written back	As at March 31, 2017
–	–	–	–	–
(14.34)	–	(0.27)	14.07	–

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

` in Lakhs			
Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Trade Payable	42.93	41.60
(ii)	Trade Receivables	10.52	10.52

33. 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 Lakhs	
	2016-17	2015-16
(i) Principal amount remaining unpaid to any supplier at the end of accounting period	292.46	292.46
(ii) Interest due on above	41.02	48.03
Total of (i) & (ii)	333.48	340.49
(iii) Amount of interest paid/ adjusted by the Company to the suppliers	–	3.19
(iv) Amounts paid to the suppliers beyond the respective due date	–	–
(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	652.73	611.71
(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.	–	–

34. The Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th

Notes to financial statements for the year ended March 31, 2017 (Contd.)

December, 2016 is as under :

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	18500.00	23782.77	42282.77
(+) Permitted receipts	–	389000.00	389000.00
(–) Permitted payments	–	392486.00	392486.00
(–) Amount deposited in Banks	18500.00	–	18500.00
Closing cash in hand as on 30.12.2016	–	20296.77	20296.77

* Specified Bank Notes are as defined in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs NO. S.O.3407(E), dated 8th November, 2016.

35. Disclosure for the year ended March 31, 2017 under Accounting Standard–15 (Revised) on 'Employee Benefits'

		2016-17	2015-16
			in Lakhs
A. Defined Contribution Plan			
Contribution to Provident Fund		10.75	12.36
Contribution to Superannuation Fund		0.43	0.87

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 & Loss and the funded status and amount recognised in the Balance Sheet for the respective plan/Long Term Compensated Leave.

		2016-17		2015-16	
Sr. No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
I	Net Employee Expense / (Benefit)				
1	Current Service Cost	27.75	16.23	26.73	15.83
2	Interest cost on benefit obligation	24.04	9.74	70.19	11.69
3	Expected Return on plan assets	(36.22)	–	(44.49)	–
4	Net Actuarial (gain)/loss recognised in the period	314.21	(8.88)	(479.83)	71.97
5	Total employee expenses recognised in Statement of Profit & Loss	329.78	17.09	(427.40)	99.49
II	Actual Return on Plan Assets	26.19	–	42.64	–
III	Benefit Asset/(Liability)				
1	Defined benefit obligation	516.86	–	480.30	–
2	Fair Value of Plan Assets	145.76	–	438.98	–
3	Benefit Asset/(Liability)	(371.10)	–	(41.32)	–
IV	Movement in Benefit Liability				

Notes to financial statements for the year ended March 31, 2017 (Contd.)

` in Lakhs

Sr. No.	Particulars	2016-17		2015-16	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1	Opening defined benefit obligation	480.30	132.84	1006.59	278.35
2	Interest cost	24.04	9.74	70.19	11.69
3	Current Service Cost	27.75	16.23	26.73	15.83
4	Benefits paid	(319.41)	(6.00)	(141.54)	(245.00)
5	Actuarial (gains) / losses on obligation	304.18	(8.88)	(481.67)	71.97
6	Closing benefit obligation	516.86	143.93	480.30	132.84
V	Movement in Fair Value of Plan Assets				
1	Opening fair value of plan assets	438.98	–	532.79	–
2	Expected Return on plan assets	36.22	–	44.49	–
3	Contribution by employer	.01	–	5.07	–
4	Benefits paid	(319.41)	–	(141.54)	–
5	Actuarial gains / (losses) on plan assets	(10.02)	–	(1.83)	–
6	Closing fair value of plan assets	145.76	–	438.98	–
VI	The Principal actuarial assumptions are as follows				
1	Discount Rate	7.50%	7.50%	7.50%	7.50%
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	8.25%		8.35%	
VII	The major categories of Plan Assets as a percentage of fair value of the total plan assets				
	Investment with Insurer	100%		100%	

VIII	Amounts for the current and previous year are as follows :					
	Defined Benefit Gratuity Plan	2016-17	2015-16	2014-15	2013-14	2012-13
1	Defined benefit obligation	516.86	480.30	1006.59	2636.64	2761.90
2	Plan Assets	145.76	438.98	532.79	1757.84	2040.57
3	Surplus / (Deficit)	(371.10)	(41.32)	(473.80)	(878.80)	(721.33)

Notes :

- 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.
- The Company expects to contribute ` 26.19 lakhs (` 42.64 lakhs) to Gratuity fund for 2017-18.
- 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.

Notes to financial statements for the year ended March 31, 2017 (Contd.)

36. Related Party Disclosures :

(a) Name of the related parties :

Subsidiary Company	Hindustan Motors Limited, U.S.A. (HML,USA) (Dissolved on 16th February, 2017)
Key Management Personnel	Mr. Ajay Kumar Bansal, Chief Executive Officer (upto May 13, 2016) Mr. Asim Kumar Basu, Chief Executive Officer (from August 05, 2016) Miss. Sanu Agarwal, Company Secretary (from May 25, 2016) Mr. Bhikam Chand Mishra, Chief Financial Officer (re-appointed from November 11, 2016)

(b) Aggregated Related Party Disclosures as at and for the year ended March 31, 2017 are as follows (Transactions have taken place on arm's length basis) :

` in Lakhs		
Nature of Transactions	Subsidiary Company HML (USA)	Key Managerial Personnel
Salaries, Allowances, Provident Fund and Others	– (–)	64.87 (79.12)
Sale of Motor Car	– (–)	– (2.00)
Balance Outstanding at Period as on 15th February, 2017		
Trade Receivable	5.47 (5.43)	– (–)
Trade Payables	9.33 (9.25)	– (–)

37. 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 Lakhs
2016-17 2015-16

38. Expenditure in Foreign Currency

Other Matters	6.86	0.45
---------------	------	------

39. 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			
	2016-17		2015-16		2016-17		2015-16	
	` in Lakhs	%	` in Lakhs	%	` in Lakhs	%	` in Lakhs	%
Indigenous	104.18	100	123.42	100	86.99	100	26.68	100

Notes to financial statements for the year ended March 31, 2017 (Contd.)

40. The operating results have been adversely affected due to adverse market conditions and the accumulated losses of the Company as at 31st March 2017 stand at ` 25217.53 lakhs as against the share capital of ` 10441.44 lakhs. Also current liabilities as at 31st March 2017 exceed current assets by ` 13591.23 lakhs. 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 which has been repealed on and from 1st December, 2016 when the Sick Industrial Companies (Special Provisions) Repeal Act, 2003 came into effect by way of a Notification having been issued by the Central Government as published in the Official Gazette dated 28th November, 2016 and the Company has not yet made reference under the new law. 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 rationalizing the expenses as well as considering the measures to generate revenue. Accordingly, the Company continues to prepare its accounts on a "Going Concern" basis.
41. 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.
42. The financial statements of the Company for the financial year 2016-17 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 the previous year.
43. The wholly owned immaterial foreign subsidiary of the Company namely Hindustan Motors Limited, USA having no transaction during the year has been dissolved on 16th February, 2017 as per the laws applicable in USA and not in existence as on 31st March, 2017. As such the consolidated accounts have not been prepared for the year. Further, the application made by the Company to Reserve Bank of India seeking permission for writing off its entire investment in Hindustan Motors Limited, USA (Capital, Loan and other Receivables) for which necessary provision has been made in the accounts of the Company, is under consideration.
44. The Company has executed an agreement with Peugeot S.A. on 10th February, 2017 for the sale of the Ambassador Brand (including the trademarks having application numbers 2803570, 2803571 and 2821821) and certain related rights (Ambassador Brand) by the Company to Peugeot S.A. for a consideration of 8000 lakhs. The sale of the Ambassador Brand shall be effective upon fulfillment of the terms and conditions as prescribed in the said above mentioned agreement.
45. 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

Asish Kumar Mukhopadhyay
Partner
Membership No. 056359
Place : Kolkata
Date : May 29, 2017

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

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a template for handwriting practice or general note-taking. The margins are consistent on all sides.

HINDUSTAN MOTORS LIMITED

CIN : L34103WB1942PLC018967

PROXY FORM

Regd. Office: "Birla Building", 10th 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

[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 **75th Annual General Meeting of the Company, to be held on Friday, the 22nd day of September, 2017 at 2.00 p.m.** at Rotary Sadan, 94/2, Chowringhee Road, Kolkata-700020 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution Number	Description
Ordinary Business	
1.	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, 2017.
2.	Appointment of Shri A. Sankaranarayanan (DIN-00385632) 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.

Signed this day of 2017

Signature of Shareholder (s)

Signature of Proxy holder(s)

Affix
₹ 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", 10th 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 **75th Annual General Meeting** of the Company held on Friday, the 22nd day of September, 2017 at 2.00 p.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", 10th Floor
9/1, R. N. Mukherjee Road, Kolkata 700 001