



August 26, 2019

- | | |
|---|---|
| 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, 2019
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, 2019 containing *inter alia*, Notice of the Annual General Meeting held on 18th September, 2019, Directors' Report, Auditor's Report, financial statements (both Standalone and Consolidated), being Balance Sheet of the Company as at 31st March, 2019 and Statement of Profit and Loss and Cash Flow Statement for the year ended 31st March, 2019.

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 2018-2019



Hindustan Motors Limited

HINDUSTAN MOTORS LIMITED

ANNUAL REPORT

Year Ended March 31, 2019

Board of Directors

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

Chief Executive Officer

Shri Bhikam Chand Mishra (w.e.f. 26-5-2018)

Chief Financial Officer

Shri Mahesh Kumar Kejriwal (w.e.f. 26-5-2018)

Company Secretary

Ms. Prativa Sharma

Bankers

UCO Bank
ICICI Bank

Statutory Auditors

Messrs. Ray & Ray
Chartered Accountants

Share Transfer Agents

Karvy Fintech 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', 13th Floor
9/1, Rajendra Nath Mukherjee Road
Kolkata 700 001
Tel: +91 33 2242 0932/4082 3700/2220 0600
Fax: +91 33 2248 0055
E-mail: hmcosecy@hindmotor.com;
Website: www.hindmotor.com

CIN : L34103WB1942PLC018967

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Notice to the Shareholders

NOTICE is hereby given that the Seventy-seventh Annual General Meeting of the Shareholders of HINDUSTAN MOTORS LIMITED will be held at Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700020, on Wednesday, the 18th September, 2019 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, 2019.
- (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 the appointment of the Auditors of the Company:

"RESOLVED THAT pursuant to provisions of Section 139 of the Companies Act, 2013 and Rules made thereunder, Messrs. Ray & Ray, Chartered Accountants (Registration No. 301072E), be and are hereby reappointed for a further period of five consecutive years as Auditors of the Company to hold office from the conclusion of 77th Annual General Meeting (AGM) till the conclusion of 82nd AGM and that Board of Directors of the Company be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with auditors and that such remuneration may be paid on progressive billing basis to be agreed upon between the auditors and the Board of Directors."

AS SPECIAL BUSINESS:

- (4) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** relating to re-appointment of Shri Raj Kamal Johri as an Independent Director of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Shri Raj Kamal Johri (DIN-06804524) who was appointed as an Independent Director of the Company and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from the conclusion of 77th Annual General Meeting till the conclusion of 82nd Annual General Meeting of the Company."

- (5) To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as a **Special Resolution** under Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and rules made thereunder including any statutory modification(s) or re-enactment thereof and Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members be and is hereby accorded to Mr. A Sankaranarayanan (DIN:00385632), Non-Executive Director of the Company, who has already attained the age of 75 years to continue as a Non-Executive Director of the Company."

Registered Office :
'Birla Building' 13th Floor
9/1, Rajendra Nath Mukherjee Road
Kolkata - 700 001

By Order of the Board
For HINDUSTAN MOTORS LTD

Dated, 14th June, 2019

Prativa Sharma
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 Fintech Pvt. Limited at Plot 31-32, Karvy Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 for consolidation of all such shareholdings into one account to facilitate better service.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 11th September, 2019 to Wednesday, the 18th September, 2019 (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 Fintech 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 Fintech 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 Fintech 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 77th 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 email 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 email addresses, physical copies of the Annual Report 2018-2019 are being sent by permitted mode.
15. Members may also note that the Notice of the 77th AGM and the Annual Report 2018-2019 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 Fintech 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 77th 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 Fintech 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. 11th September, 2019.**
- (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. 11th September, 2019 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., 11th September, 2019, may obtain the User ID and password in the manner as mentioned below:
- a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
- Example for NSDL:
- MYEPWD <SPACE> IN12345612345678
- Example for CDSL :
- MYEPWD <SPACE> 1402345612345678
- Example for Physical :
- MYEPWD <SPACE> XXXX1234567890
- b) If e-mail address or mobile number of the member is registered against Folio No. /DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c) Member may call Karvy's toll free number 1-800-3454-001
- d) Member may send an e-mail request to evoting@karvy.com or suresh.d@karvy.com
- If the member is already registered with Karvy e-voting platform, he/she can use his/her existing User ID and password for casting the vote through remote e-voting.

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

Commencement of remote e-voting: From 9.00 a.m. (IST) on Saturday the 14th September, 2019

End of remote e-voting: Up to 5.00 p.m. (IST) on Tuesday, the, 17th September, 2019

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 scrutinizing 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., 18th September, 2019.

(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: anjankumarroyco@hotmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

B. **In case a member receives physical copy of the Notice by Post** [for members whose e-mail addresses are not registered with the Company/Depository Participant(s)]:

- a) User ID and initial password - These will be sent separately.
- b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.
- C. **Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.**
- D. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.

Annexure to the Notice

Explanatory Statement

The following Explanatory Statement relating to Special Business at item Nos.4 and 5 of the accompanying Notice sets out all material facts as required under Section 102 of the Companies Act, 2013 ("the Act").

Item No. 4

Shri Raj Kamal Johri (DIN-06804524) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges. He holds office as an Independent Director of the Company up to the conclusion/date of the ensuing Annual General Meeting of the Company ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

Nomination and Remuneration Committee, on the basis of the report of performance evaluation of Independent Director, has recommended re-appointment of Shri Raj Kamal Johri as Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Director and as per the recommendation of the Nomination and Remuneration Committee, considers that, on the basis of background and experience and contributions made by him during his tenure, the continued association of Shri Raj Kamal Johri would be beneficial to the Company and it is desirable to continue to avail his service as Independent Director. Accordingly, it is recommended to the members of the Company for re-appointment of Shri Raj Kamal Johri as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an Independent Director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Section 149(10) of the Act provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in the Board's report. Section 149(11) provides that an Independent Director may hold office up to two consecutive terms.

Shri Raj Kamal Johri is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Shri Raj Kamal Johri for the office of Independent Director of the Company.

The Company has also received a declaration from Shri Raj Kamal Johri that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Regulation 25 of SEBI (LODR) Regulations, 2015.

In the opinion of the Board, Shri Raj Kamal Johri fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Shri Raj Kamal Johri is independent of the management.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Shri Raj Kamal Johri is reappointed as an Independent Director for another term of five years.

Details of Director whose re-appointment as Independent Director is proposed at Item No.4 is provided in the “Annexure” to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

Copy of the draft letter for appointment of Shri Raj Kamal Johri as an Independent Director setting out the terms and conditions is available for inspection by shareholders at the Registered Office of the Company.

Except Shri Raj Kamal Johri, none of the Directors, Manager, other Key Managerial Personnel and their relatives are in any way concerned or interested, financial or otherwise, in the aforesaid Resolution.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Special Resolution set out at Item No.4 of the Notice for approval by the shareholders.

Item No. 5

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulation’) as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, with effect from 1st April, 2019, no listed company shall appoint or continue the Directorship of a Non-Executive Director who has attained the age of 75 years, unless a special resolution is passed to that effect.

Mr. A Sankaranarayanan (DIN:00385632), was appointed as Non-Executive Director of the Company under Section 152 of the Companies Act, 2013 read with Rules made thereunder and pursuant to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office from the conclusion of 75th Annual General Meeting till the conclusion of the 77th Annual General Meeting to be held in the year 2019, liable to retire by rotation.

Mr. A Sankaranarayanan (DIN:00385632) is a BE (Mechanical Engineer). He has been associated with the Company since long time and is having profound knowledge about the Company. He has an enriched experience in developing and introducing new products, updating existing product range and mix in achieving import substitutions and strengthening the In-house R&D activities. His guidance on matters related to Accounts, Finance, Taxation and various other aspects has been notable and supportive to the Company in dealing with complex matters.

Therefore, approval of members to the special resolution regarding the continuation of the directorship of Mr. A Sankaranarayanan, after attaining the age of 75 years, is sought.

Except Mr. A Sankaranarayanan, none of the Directors and Key Managerial Persons of the Company and their relatives are in any way concerned or interested, financial or otherwise, in the aforesaid resolution.

Directors' Report to the Members

Your Directors present their seventy-seventh Annual Report together with audited financial statements of the Company for the year ended March 31, 2019.

Financial Results / Performance

During the year under review, the Company's revenue/Other Income are 36.06 Crores compared to 9.38 Crores in the previous financial year. The following table gives a summary of the performance.

(₹ in crores)

Particulars	2018-19	2017-18
Gross Revenue from Operations/ Other Income	36.06	9.38
Net Revenue from Operations	36.06	9.38
Profit/(Loss) before Exceptional items and Tax	26.60	(16.70)
Exceptional items (Net)	0	78.97
Profit/(Loss) before Tax	26.60	62.27
Tax Expenses (including net refund of ₹ 0.65 Cr from earlier year)	(0.11)	5.69
Net Profit/ (Loss) after tax	26.71	56.58
Other Comprehensive Income	(0.27)	(0.69)
a) Item that will not be reclassified to profit or loss	(0.37)	(0.90)
b) Tax on Comprehensive Income	0.10	0.21
Total Comprehensive Income for the year (Comprising Profit/(Loss) for the year (after tax) and Other Comprehensive Income (after tax)	26.45	55.89

The revenue account shows a profit of ₹ 26.45 Crores after providing ₹ 1.20 Crores for depreciation & amortisation expense. There is a deficit of ₹ 169.79 Crores in the Statement of Profit and Loss as at the end of the current year as against ₹ 196.24 Crores in the last year.

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

The Company is not having any subsidiary company and therefore consolidated accounts of the Company have not been prepared.

Review of Operations

There has been no change during the period under review in the nature of business of the Company.

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.

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

Outlook for 2018-19

In an effort to revive operations, the Company has started process of rationalising the cost post suspension of work at Uttarpara plant. The Company started to reduce the manpower substantially to a desired level as a result the strength of employee has been decreased from 450 to 395 in number. 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 including alternative use of fixed assets to generate revenue.

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.

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.

Particulars of Loans, Guarantees or Investments

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

Related Party Transactions

There are no contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013. The details of other transactions entered into with the Related Parties are given in the note - 40 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.

Corporate Social Responsibility Initiatives

In view of the no operating profit, 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 exposed to 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 seven 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, 2019 is 395.

Extract of Annual Return

The extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure-2** and is also available in the website link as mentioned below.

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 of Independent Directors namely, Smt. Mou Mukherjee (Chairperson), Shri Raj Kamal Johri and a Non-Executive Non-Independent Director namely, Shri A. Sankaranarayanan. 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. The Statutory Auditors of the Company, Messrs. Ray & Ray, Chartered Accountants (Registration No.301072E), were appointed in the Seventy-second Annual General Meeting of the Company held on 25th September, 2014, as Statutory Auditors of the Company until the conclusion of Seventy-seventh Annual General Meeting to be held in 2019 for the financial years 2014-15 till 2018-19.

Messrs. Ray & Ray, the Statutory Auditors of the Company has completed the first term of five years and given their consent to continue as the statutory auditors of the Company for a further period of five years. Your Directors request you to appoint Messrs. Ray & Ray as the

Statutory Auditors of the Company to hold office for a further period of five years from the conclusion of the ensuing 77th Annual General Meeting of the Company till the conclusion of the 82nd Annual General Meeting and to fix their remuneration.

The Company has received a letter pursuant to Sections 139 and 141 of the Companies Act, 2013 from Ray & Ray, Chartered Accountants regarding their eligibility for appointment as Statutory Auditors of the Company.

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-47 to the audited financial statements for the year ended 31st March, 2019.

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 no subsidiary company and therefore nothing is required to be disclosed with respect to subsidiary company.

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

Shri Raj Kamal Johri, Independent Director of the Company will complete his 1st term of five consecutive years at the ensuing Annual General Meeting and being eligible, is proposed to be reappointed for a further period of five consecutive years.

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 Bhikam Chand Mishra has resigned from the post of Chief Financial Officer with effect from the close of business hours on 25th May, 2018.

Shri Bhikam Chand Mishra has been appointed as the Chief Executive Officer of the Company with effect from 26th May, 2018.

Ms. Prativa Sharma is continuing as the Secretary of the Company.

Shri Mahesh Kumar Kejriwal has been appointed as the Chief Financial Officer of the Company with effect from 26th May, 2018.

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-9** 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 12th November, 2018 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 2018-19.

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, 2019

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-1 to the Directors' Report Management Discussion & Analysis Report

Industry Structure & Development

The Company is having a 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 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 as there is no change in the situation.

Opportunities & Threats

The Company has somehow managed to earn profit after a long period of time by way of alternate use of its assets. The management is trying its level best in the process of restructuring of work force and reduction in cost in the current financial year. Although, the Company is not in the position to resume its manufacturing process, it has ample opportunities to earn money in various ways because of its giant infrastructure.

The performance of the Company during the current financial year will in no way be improved due to continuous suspension of work at Uttarpara Plant and layoff at Pithampur plant of the Company. As a result of that, the remaining outstanding liabilities are expected to be met by sale proceeds of assets of the Company.

Medium-term and Long-term strategy

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 2019-20, 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, 2019

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 31st March, 2019
of
HINDUSTAN MOTORS LIMITED

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

I. REGISTRATION AND OTHER DETAILS:

- | | |
|--|---|
| i) CIN | L34103WB1942PLC018967 |
| ii) Registration Date | 11th February, 1942 |
| iii) Name of the Company | Hindustan Motors Limited |
| iv) Category / Sub-Category of the Company | Public Limited Company |
| v) Address of the Registered Office and contact details | “Birla Building”, 13th 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 Fintech 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	0%

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
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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	2628562	55150	2683712	1.29	2626712	55150	2681862	1.29	0.00
(g) Insurance Companies	7432175	14350	7446525	3.57	7432175	14350	7446525	3.57	0.00
(h) Provident Funds / Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others (specify)									
– Foreign Corporate Bodies	200	0	200	0.00	0	0	0	0.00	0.00
– Foreign Nationals	17996	0	17996	0.01	290	0	290	0.00	-0.01
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)	10078933	177467	10256400	4.92	10059177	177467	10236644	4.91	-0.01

(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	69471178	6039537	75510715	36.19	65367155	5901410	71268565	34.16	-2.03
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 lakh	37443488	114372	37557860	18.00	43379126	83101	43462227	20.83	2.83
(b) NBFCs registered with RBI	316446	0	316446	0.15	9327	0	9327	0	-0.15
(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	18631	0	18631	0.01	18631	0	18631	0.01	0.00
(ii) NRIs	938034	142832	1080866	0.52	941175	142832	1084007	0.52	0.00
(iii) Clearing Members	311265	0	311265	0.15	233723	0	233723	0.11	-0.04
(iv) Unclaimed Suspense Account(as per SEBI LODR, 2015)	965736	0	965736	0.46	964304	0	964304	0.46	0.00
(v) Bodies Corp.	14538831	226152	14764983	7.08	13258620	225408	13484028	6.46	-0.62
(vi) Enemy Property	0	64418	64418	0.03	0	64418	64418	0.03	0.00
(vii) Non Resident Indian- Non Repatriable	338719	0	338719	0.16	360165	0	360165	0.17	0.01
Sub-total (B)(3) :	124342328	6587311	130929639	62.75	124532226	6417169	130949395	62.75	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	134421261	6764778	141186039	67.66	134591403	6594636	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)	201894515	6764778	208659293	100.00	202064657	6594636	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	365000	0.17	0.00	365000	0.17	0.00	0.00
11	Jaipur Finance And Dairy Products Pvt. Ltd.	3662000	1.76	0.00	3662000	1.76	0.00	0.00
12	National Bearing Co. (Jaipur) Limited	21612354	10.36	0.00	21612354	10.36	0.00	0.00
13	National Engineering Industries Limited	905000	0.43	0.00	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	1505000	0.72	0.00	1505000	0.72	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	0.00	67473254	32.34	0.00	0.00

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	67473254	32.34	67473254	32.34

	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	Name of the Promoters	Holding prior to change	Date	Increase	Decrease	Reason	Holding after change
		NIL						
	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	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 (10000012)				
	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	Anju Baldi (13378463)				
	a) At the beginning of the year	7823654	3.75		
	b) Changes during the year				
	Date Reason				
	13/4/2018 Buy	61376	0.03	7885030	3.78
	04/5/2018 Buy	67536	0.03	7952566	3.81
	08/6/2018 Buy	46400	0.02	7998966	3.83
	c) At the end of the year			7998966	3.83
3	Bank of India (1302080000230073)				
	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
4	Shiv Narayan Baldi (1204940000170856)				
	a) At the beginning of the year	1884601	0.90		
	b) Changes during the year				
	Date Reason				
	14.12.2018 Buy	35446	0.02	1920047	0.92
	c) At the end of the year			1920047	0.92
5	Shiv Narayan Baldi (1204940000103081)				
	a) At the beginning of the year	3568723	1.71		
	b) Changes during the year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			3568723	1.71
**6	Indianivesh Securities Pvt Ltd (1204940000000166)				
	a) At the beginning of the year	1689101	0.81		
	b) Changes during the year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			1689101	0.81

Sl. No.	For each of the Top 10 Shareholders	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
7	Lalita Devi Baldi (1204940000103022)				
	a) At the beginning of the year	1559887	0.75		
	b) Changes during the year				
	Date Reason 30.06.2018 Buy	700000	0.33	2259887	1.08
	c) At the end of the year			2259887	1.08
**8	Chandar Kala Baldi (1201060500094257)				
	a) At the beginning of the year	2100522	1.00		
	b) Changes during the year				
	Date Reason 03.08.2018 Sales	-1	0.00	2100521	1.00
	12.10.2018 Sales	-25000	-0.01	2075521	0.99
	07.12.2018 Sales	-310000	-0.14	1765521	0.85
	c) At the end of the year			1765521	0.85
**9	Rajesh Baldi (15718823)				
	a) At the beginning of the year	1278138	0.61		
	b) Changes during the year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			1278138	0.61
**10	Sri Govinddeo Educational Institute (10089278)				
	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
*11	Lifasure Consultancy Private Limited (14519541)				
	a) At the beginning of the year	1555687	0.75		
	b) Changes during the year				
	Date Reason 07.09.2018 Buy	382760	0.18	1938447	0.93
	14.09.2018 Buy	73139	0.04	2011586	0.97
	21.09.2018 Buy	45999	0.02	2057585	0.99
	05.10.2018 Buy	83119	0.04	2140704	1.03
	12.10.2018 Buy	157849	0.07	2298553	1.10
	19.10.2018 Buy	7883	0.00	2306436	1.10
	09.11.2018 Buy	2503	0.01	2308939	1.11
	07.12.2018 Buy	115415	0.05	2424354	1.16
	04.01.2019 Buy	31152	0.02	2455506	1.18
	08.02.2019 Buy	43289	0.02	2498795	1.20

Sl. No.	For each of the Top 10 Shareholders	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
	b) Changes during the year				
	Date Reason				
	15.02.2019 Buy	14578	0.00	2513373	1.20
	22.03.2019 Buy	258869	0.13	2772242	1.33
	30.03.2019 Buy	500000	0.24	3272242	1.57
	c) At the end of the year			3272242	1.57
*12	Sourabh Chhabra (13773226)				
	a) At the beginning of the year	1308915	0.63		
	b) Changes during the year				
	Date Reason				
	31.08.2018 Buy	159495	0.07	1468410	0.70
	07.09.2018 Buy	157261	0.08	1625671	0.78
	14.09.2018 Buy	104948	0.05	1730619	0.83
	21.09.2018 Buy	57958	0.03	1788577	0.86
	28.09.2018 Buy	230302	0.11	2018879	0.97
	05.10.2018 Buy	119722	0.05	2138601	1.02
	12.10.2018 Buy	179598	0.09	2318199	1.11
	19.10.2018 Buy	162372	0.08	2480571	1.19
	26.10.2018 Buy	74775	0.03	2555346	1.22
	02.11.2018 Buy	15047	0.01	2570393	1.23
	23.11.2018 Buy	63265	0.03	2633658	1.26
	07.12.2018 Buy	133606	0.07	2767264	1.33
	31.12.2018 Buy	-705000	-0.34	2062264	0.99
	04.01.2019 Sales	7306	0.00	2069570	0.99
	11.01.2019 Buy	380000	0.18	2449570	1.17
	18.01.2019 Buy	275900	0.14	2725470	1.31
	25.01.2019 Buy	126498	0.06	2851968	1.37
	01.02.2019 Buy	29076	0.01	2881044	1.38
	22.02.2019 Buy	7000	0.00	2888044	1.38
	01.03.2019 Buy	114735	0.06	3002779	1.44
	22.03.2019 Buy	90000	0.04	3092779	1.48
	30.03.2019 Buy	-1040000	-0.50	2052779	0.98
	c) At the end of the year			2052779	0.98
*13	Saroj Devi Chhabra (13773380)				
	a) At the beginning of the year	1520702	0.73		
	b) Changes during the year				
	Date Reason				
	14.12.2018 Buy	39502	0.02	1560204	0.75
	21.12.2018 Buy	18414	0.01	1578618	0.76
	31.12.2018 Buy	300000	0.14	1878618	0.90

Sl. No.	For each of the Top 10 Shareholders	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
	b) Changes during the year				
	Date Reason				
	04.01.2019 Sales	-107306	-0.05	1771312	0.85
	11.01.2019 Sales	-95000	-0.05	1676312	0.80
	18.01.2019 Sales	-66000	-0.03	1610312	0.77
	01.02.2019 Buy	100350	0.05	1710662	0.82
	22.02.2019 Sales	-2000	0.00	1708662	0.82
	15.03.2019 Buy	75005	0.03	1783667	0.85
	22.03.2019 Buy	125000	0.06	1908667	0.91
	30.03.2019 Buy	141000	0.07	2049667	0.98
	c) At the end of the year			2049667	0.98
*14	Tilok Chand Chhabra (13773218)				
	a) At the beginning of the year	1289088	0.62		
	b) Changes during the year				
	Date Reason				
	23.11.2018 Buy	57258	0.03	1346346	0.65
	31.12.2018 Buy	491195	0.23	1837541	0.88
	11.01.2019 Sales	-188000	-0.09	1649541	0.79
	18.01.2019 Sales	-128982	-0.06	1520559	0.73
	15.02.2019 Buy	55794	0.03	1576353	0.76
	15.03.2019 Buy	64240	0.03	1640593	0.79
	22.03.2019 Buy	114824	0.05	1755417	0.84
	30.03.2019 Buy	294000	0.14	2049417	0.98
	c) At the end of the year			2049417	0.98

* Not in the list of the top ten shareholders as on 01-04-2018. The same has been reflected above since the shareholder was one of the top ten shareholders as on 31-03-2019.

** Ceased to be in the list of top ten shareholders as on 31-03-2019. The same is reflected above since the shareholder was one of the top ten shareholders as on 01-04-2018.

(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 Executive 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	–	17,91,50,070	–	17,91,50,070
ii) Interest due but not paid	–	51,69,429	–	51,69,429
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	18,43,19,499	–	18,43,19,499
Change in Indebtedness during the financial year			–	
* Addition	–		–	–
* Reduction	–	51,69,429	–	51,69,429
Net Change	–	51,69,429	–	51,69,429
Indebtedness at the end of the financial year				
i) Principal Amount	–	17,91,50,070	–	17,91,50,070
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	17,91,50,070	–	17,91,50,070

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	1,20,000	1,10,000	2,30,000
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	1,20,000	1,10,000	2,30,000
2.	Other Non-Executive Directors	Sri A. Sankaranarayanan	Sri Uttam Bose	
	• Fee for attending board / committee meetings	1,30,000	70,000	2,00,000
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	1,30,000	70,000	2,00,000
	Total = (1+2)			4,30,000
	Total Managerial Remuneration overall ceiling as per the Act			4,30,000

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Company Secretary – Ms Prativa Sharma (w.e.f 13/09/2017)	CFO – Shri Bhikam Chand Mishra (ceased w.e.f 25/05/2018)	CEO– Shri Bhikam Chand Mishra (w.e.f 26/05/2018)	CFO – Shri Mahesh Kumar Kejriwal (w.e.f 26/05/2018)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	372399	338474	2783958	703171	4198002
	(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	16854	9755	61650	16483	104742
	Total	389253	348229	2845608	719654	4302744

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, 2019

Uttam Bose
Director

A. Sankaranarayanan
Director

Annexure-3 to the Directors' Report

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

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

2. Board of Directors

(a) Composition of Board

As on date the Board of Directors have four members and all of them are Non-Executive Directors. The Non-Executive Directors account for 100% of Board's strength against minimum requirement of fifty percent as per Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are two Independent Directors. The Company does not have a regular Non-Executive Chairperson and 50% of the Board is comprised of Independent Directors as per the minimum requirement pursuant to Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Smt. Mou Mukherjee is a Non-executive Independent Woman Director. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance & law. The composition of Board of Directors as on the date of the report is as follows :-

Name of Directors	Category [As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]	No. of other Directorships*	No. of other Board Committee(s) of which he/she is a member**	No. of other Board Committee(s) of which he/she is a Chairman **	List of listed company where the person is a director and the category of directorship
Shri A. Sankaranarayanan	Non Independent - Non-Executive	3	3	1	–
Shri Raj Kamal Johri	Independent - Non-Executive	1	1	–	–
Shri Uttam Bose	Non Independent - Non-Executive	1	–	–	–
Smt. Mou Mukherjee	Independent - Non-Executive	1	1	1	–

* 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, 2019, four meetings of the Board of Directors were held on 25th May, 2018, 8th August, 2018, 12th November, 2018 and 12th February, 2019. 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	4	No
Smt. Mou Mukherjee	4	4	4	Yes

(c) Shareholding of Non-Executive Directors

As on 31st March, 2019, number of shares held by Non-Executive Director was as follows:-

Name of Non-Executive Director	No. of Shares held on 31st March, 2019
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	Non 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 26th September, 2018 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, 2019, four Audit Committee Meetings were held on 25th May, 2018, 8th August, 2018, 12th November, 2018 and 12th February, 2019 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 and thereafter reconstituted on 13th September, 2017 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-9 to the Directors' Report.

The Committee Members at its meeting held on 25th May, 2018, 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
Shri Uttam Bose (w.e.f. 13-9-2017)	Not-Independent and Non-Executive Director	Member

All the four Directors are Non-Executive Directors and 50% 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, 2019, two Nomination and Remuneration Committee Meetings were held on 25th May, 2018 and 12th February, 2019 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)	2	2	2
Shri A. Sankaranarayanan	2	2	2
Smt. Mou Mukherjee	2	2	2
Shri Uttam Bose	2	2	2

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

Remuneration paid to Directors during the financial year ended 31st March, 2019

Non-Executive Directors

(Amount in ₹)

Name	Sitting fees for attending Committee and Board Meetings
Shri A. Sankaranarayanan	1,10,000
Shri Raj Kamal Johri	1,20,000
Shri Uttam Bose	70,000
Smt. Mou Mukherjee	1,10,000

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 Bhikam Chand Mishra was appointed as the Chief Executive Officer of the Company w.e.f. 26th May, 2018. The employment of Chief Executive Officer is contractual in nature and is terminable by either side with a notice period of one month or Company paying one month 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	Non-Independent and Non-Executive Director	Chairman
Shri Raj Kamal Johri	Independent and Non-Executive Director	Member
Shri Uttam Bose	Non-Independent and Non-Executive Director	Member

Ms. Prativa Sharma is the Company Secretary and also designated as the Compliance Officer.

The Committee oversees the performance of Karvy Fintech 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, 17 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, except one complaint which was subsequently redressed on 1st April, 2019. There was no share transfer application pending for registration as on 31st March, 2019 except 35 applications for 6023 shares which were under the category of Seller's Notice.

During the financial year ended 31st March, 2019, one Stakeholders Relationship Committee meetings was held on 8th August, 2018. 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, 2019 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 Securities	7	6
Non-receipt of Annual Report	7	7
Non-receipt of Stickers	1	1
Misc.	2	2
	17	16

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;

- e) To develop an audit mechanism to verify compliance with mitigation plans as a supplement to self-assessment;
- f) To report to the Board of Directors periodically the followings:-
 - i) An overview of the risk management process;
 - ii) Key observations on the implementation of mitigation plan including deficiencies noticed and corrective actions to be taken;
 - iii) New risks identified and actions taken in relation thereto.

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

7. Meeting of Independent Directors

During the financial year ended 31st March, 2019, the Independent Directors met on 12th November, 2018, 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	26th September, 2018 at 2.00 PM	Rotary Sadan 94/2, Chowringhee Road, Kolkata – 700 020	No
Annual General Meeting	22nd September, 2017 at 2.00 PM	Rotary Sadan 94/2, Chowringhee Road, Kolkata – 700 020	No
Annual General Meeting	21st September, 2016 at 11.00 AM	Rotary Sadan 94/2, Chowringhee Road, Kolkata – 700 020	No

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.

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](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, 2019.

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. 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	18th September, 2019 at 2.00 PM	
Venue	Rotary Sadan Rotary Children's Welfare Trust 94/2 Chowringhee Road Kolkata – 700 020	
Financial Calendar for F.Y. 2019-20 (1st April, 2019 to 31st March, 2020)	a. 1st Quarterly Results	On or before 14th August, 2019
	b. 2nd Quarterly Results	On or before 14th November, 2019
	c. 3rd Quarterly Results	On or before 14th February, 2020
	d. Annual Audited Results	On or before 30th May, 2020
Date of Book closure	11th September, 2019 to 18th September, 2019 (both days inclusive)	
Dividend Payment	There is no operational profit 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

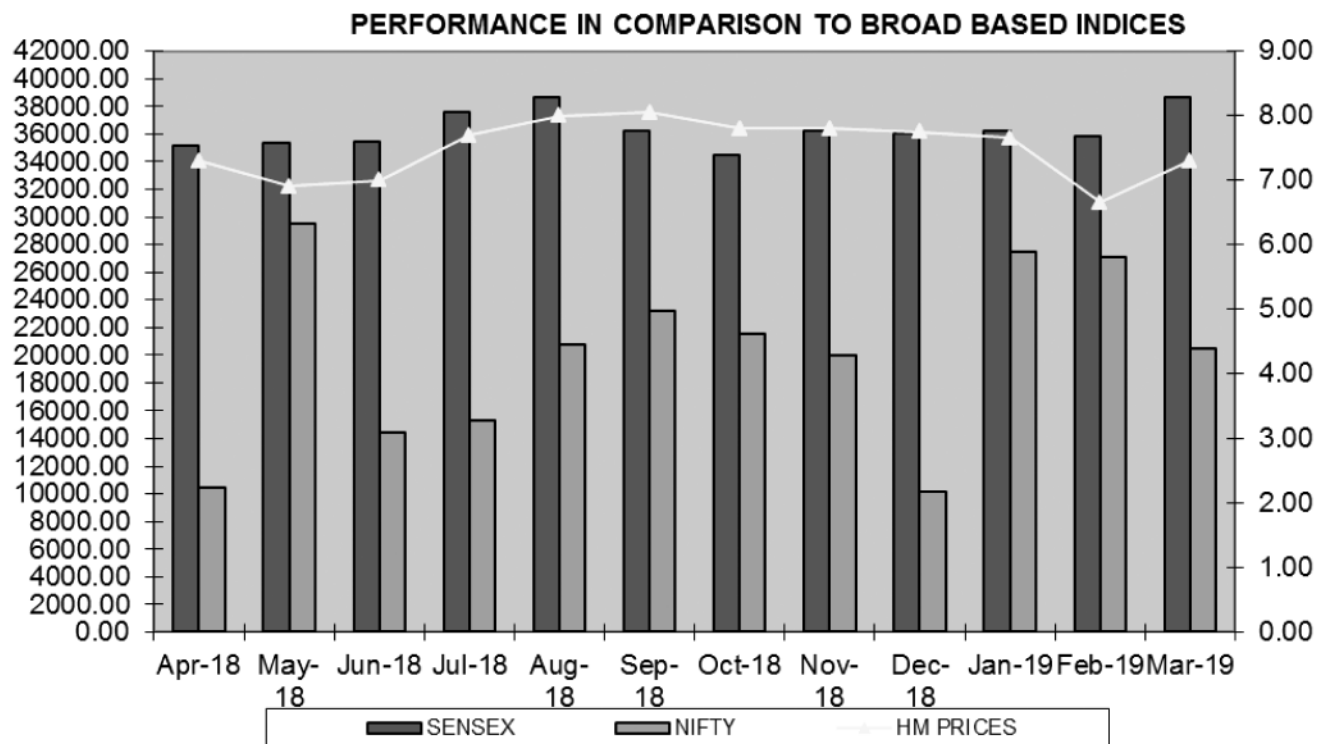
The Company's shares are listed on National Stock Exchange of India Limited and BSE Limited. The monthly high and low quotations of shares traded during the financial year ended 31st March, 2019 are as below:

(Amount in ₹)

Month	NSE		BSE	
	High	Low	High	Low
April – 2018	8.30	7.00	8.33	6.70
May – 2018	7.65	6.75	7.64	6.65
June – 2018	7.35	6.35	7.85	6.27
July – 2018	7.95	6.55	7.93	6.60
August – 2018	8.60	7.00	8.62	7.05
September – 2018	10.15	7.70	10.18	7.70
October – 2018	9.10	7.20	9.14	7.25
November – 2018	8.40	7.20	8.49	7.50
December – 2018	8.45	7.30	8.54	7.35
January – 2019	9.50	7.30	9.48	7.30
February – 2019	7.70	6.35	7.95	6.36
March - 2019	7.80	6.55	7.59	6.60

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 Fintech 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, 2019, 25157 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, 2019

No. of Shares	Shareholders		Shares	
	Numbers	%	Numbers	%
1 – 500	94760	79.30	16144982	7.74
501 – 1000	12322	10.31	10582255	5.07
1001 – 2000	6122	5.12	9685238	4.64
2001 – 3000	2023	1.69	5263901	2.52
3001 – 4000	922	0.77	3363067	1.61
4001 – 5000	1018	0.85	4907011	2.35
5001 – 10000	1302	1.09	10069731	4.83
10001 – 20000	574	0.48	8380780	4.02
20001 and above	464	0.39	140262328	67.22
Total	119507	100.00	208659293	100.00

Note: As per the SEBI Circular dated 19-12-2017, the shareholding pattern is to be submitted in consolidation with the PAN of the shareholders.

Category of Shareholders as on 31st March, 2019

Sl. No.	Category	No. of Holders	% of holders	No. of Shares	% 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	64	0.05	10128387	4.86
4.	Foreign Institutional Investors	11	0.01	41517	0.02
5.	Private Corporate Bodies	1092	0.92	13484318	6.46
6.	Resident Individuals	116662	97.62	114730792	54.99
7.	NRIs & OCBs	1588	1.33	1508590	0.72
8.	Clearing Members	43	0.04	233723	0.11
9.	Trusts	8	0.01	18631	0.11
10.	NBFC	5	0.00	9327	0.00
11.	Unclaimed Suspense Account	1	0.00	964304	0.46
	TOTAL	119507	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, 2018	5618	965736
ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	12	3962
iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	8	1432
iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2019	5610	964304

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, 2019, about 96.84% 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)

CFO 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, 2019

The Board of Directors
Hindustan Motors Limited
"Birla Building", 13th 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/-

Bhikam Chandra Mishra

Chief Executive Officer

Address for Correspondence :

- For matters related to shares :
Karvy Fintech 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. Prativa Sharma
Company Secretary
Hindustan Motors Ltd
"Birla Building", 13th 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 Fintech Pvt. Ltd., a list of which can be available from Karvy's aforesaid address or from the office of the Company Secretary.

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

Name of Director	Shri A. Sankaranarayanan	Shri Raj Kamal Johri
Date of birth	29th July, 1942	29th August, 1948
Date of appointment	8th January, 1997	6th February, 2014
Qualification	B.E (Mech)	M.A.,LL.B
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.	Served as Superintendent of Police. Served in Government of India as Deputy Director and as Joint Commissioner Kolkata Police, Inspector General of Police and retired as Additional Director General of Police
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	No

The above report was placed before and approved by the Board at its Meeting held on 25th May, 2018.

For and on behalf of the Board of Directors

Kolkata
29th May, 2019

Uttam Bose
Director

A. Sankaranarayanan
Director

Auditor's Certificate on Corporate Governance

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 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('The Listing Regulations').

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in 'The Listing Regulations'.

Auditors' Responsibility

Our responsibility is limited to examining 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 Certification of Corporate Governance issued by Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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.

Opinion

Based on our examination and according to the information and explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V to 'The Listing Regulations' during the year ended 31st March, 2019.

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

Restrictions on use

This certificate is issued solely for the purpose of complying with the aforesaid 'The Listing Regulations' and may not be suitable for any other purpose.

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

Asish Kumar Mukhopadhyay
Partner

Place : Kolkata
Date : 29th May, 2019

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, 2019, 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, 2019

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, 2019

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 Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year	Shri. B. C. Mishra – Chief Executive Officer w.e.f. 26-05-2018: 17.35% increase w.e.f. 26th May, 2018. Shri M. K. Kejriwal - Chief Financial Officer w.e.f. 26th May, 2018: 9.7% increase w.e.f. 26th May, 2018 Ms. Prativa Sharma - Company Secretary w.e.f. 13.09.2017: 37% increase w.e.f. 26th May, 2018 Overall increase in remuneration for managerial personnel w.e.f 01.04.2019: No increase
(iii)	The percentage increase in the median remuneration of employees in the financial year	No increase NB : Employees continuing on duty as on 1.4.2018 and 31.3.2019 are considered only
(iv)	The number of permanent employees on the rolls of the Company	388 employees as on 31.03.2019 for Uttarpara Unit 07 employees as on 31.03.2019 for Pithampur Unit Total = 395 Employees on Roll as on 31.3.2019
(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: No increase NB : Except KMPs, all employees on duty are considered. The increase in the managerial remuneration is as given in (ii) above.
(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, 2019

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, 2019

- No employee throughout the financial year 2018-19 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 2018-19, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate was Rupees Eight 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, 2019

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
<p>(a) the details of technology imported</p> <p>(b) the year of import;</p> <p>(c) whether the technology been fully absorbed</p> <p>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p>	
(iv) the expenditure incurred on Research and Development	NIL

(c) Foreign Exchange Earnings and Outgo

(i) Foreign exchange earned (net of exchange)	Rs. NIL
(ii) Foreign exchange outgo	
a) CIF value of imports	Rs. NIL
b) Others	Rs. NIL

For and on behalf of the Board of Directors

Kolkata
29th May, 2019

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, 2019

*[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", 13th 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 2018 to 31st March 2019, 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, 2019 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 and subsequent amendments thereon;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and subsequent amendments thereon;
- (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 and subsequent amendments thereon;

- (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 and subsequent amendments thereon;

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 31.03.2019 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 31.03.2019:

- 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 Limited (NSE) and The Bombay Stock Exchange of India Limited (BSE).

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 2018-19.*
- (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. The Company has not preferred any appeal or references before the NCLT till the reporting date.*

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
M. No. : F8182

Place : Kolkata
Date : 29/05/2019

ANNEXURE - A

**(TO THE SECRETARIAL AUDIT REPORT OF M/S HINDUSTAN MOTORS LIMITED FOR
THE FINANCIAL YEAR ENDED 31ST MARCH, 2019)**

To,
The Members,
Hindustan Motors Limited
"Birla Building", 13th 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

Place: Kolkata
Date : 29/05/2019

Radhaballav Mandal
Proprietor
M. No. : F8182

Annexure-9 to the Directors' Report

HINDUSTAN MOTORS LIMITED NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

- a. 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 accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**") read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and Companies Act, 2013 ("**Act**") read with Companies (Amendment) Act 2017 along with Circular issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.
- b. Section 178 (3) of the Act and part D of Schedule II of SEBI LODR requires the Nomination and Remuneration Committee to formulate the criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy relation to the remuneration for the Directors, Key managerial personnel and other employees, criteria for evaluation of performance, board diversity etc.
- c. The Nomination and remuneration Committee ("**Committee**") shall meet atleast once in a year and among other functions, shall also review the Policy periodically and may amend the same from time to time, as deemed necessary.

2. OBJECTIVE AND PURPOSE OF THE POLICY

The objective and purpose of this Policy are:

- (i) Selection, appointment and removal of Director, KMP and Senior Management.
- (ii) 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.
- (iii) Evaluation of performance of the Directors.
- (iv) 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 is 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 29th May, 2019.

4. EFFECTIVE DATE

This policy shall be effective from 29th day of May, 2019.

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 SEBI (LODR) Regulation, 2015.
- v. **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, not more than one level below the directors who is in Whole- time employment, designated as key managerial personnel by the Board.
 - f) Such other officer as may be prescribed under the applicable statutory provisions/regulations.
- vii. **Senior Management** shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive director/managing director/whole time director/ manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.
- viii. **Net Profit** shall be calculated as per Section 198 of the Companies Act, 2013.

(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. **CRITERIA FOR APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT**

- i) The Committee shall formulate criteria for determining qualifications, positive attributes and independence of a Director, KMP and senior management.
- ii) The person to be appointed as a Director, KMP or in the senior management should possess adequate qualification, experience and expertise for the position he or she is considered for based on the Company's strategy and needs.
- iii) The Committee shall have the discretion to decide whether such qualification, experience and expertise of the person is sufficient for him or her to effectively discharge duties of the concerned position.
- iv) The person to be appointed as Director, KMP or in the senior management, should possess impeccable reputation for integrity, efficiency, expertise, insights and accomplishments in sectors or areas relevant to the Company's industry.
- v) The person's personal and professional standing must be such that it helps him or her to best complement the other Board members thereby contributing effectively towards Company's growth.

- vi) The Committee shall consider the potential candidates on merit alone.
- vii) The person must also fulfil the minimum and/or maximum age criteria as applicable under the provisions of the Act and SEBI LODR regulations and take necessary approvals from the shareholders in this regard in case of directors above the maximum age criteria.

8. APPOINTMENT AND REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT

- i) The Committee shall ensure that the size and composition of the Board, KMP and the senior management satisfies the provisions of the Act and SEBI LODR regulations.
- ii) The Committee shall identify persons who are qualified to become directors, KMP and who may be appointed in the senior management with regard to the attributes as specified under clause 7 of this policy and such other qualifications or attributes as the Committee or board may deem necessary from time to time.
- iii) The Committee while considering a person for appointment as director, shall verify that the said person is not debarred from holding the office of director pursuant to any SEBI order.
- iv) The Committee shall then recommend the identified candidates to the Board for final selection and appointment.
- v) W.e.f. 1st April, 2020, the chairperson of the Board shall be a non-executive director and shall not be related to the Managing Director or the Chief Executive Officer of the Company as per the definition of term “relative” under the Act.
- vi) In case of directors, the Committee shall ensure that the number of directorship held by each director in other companies is below the specified limit under the Act and SEBI LODR regulations and amendments made from time to time.
- vii) The Committee shall also ensure that any person appointed as independent director does not have any material pecuniary relationship with the Company, its holding, subsidiary or associate company, or company’s promoters or directors.
- viii) A whole-time KMP of the Company shall not hold office at the same time in more than one company except in its subsidiary company. However, a whole-time KMP can be appointed as a director in any company subject to the same being intimated to the Board or being in accordance with the policy of the company.
- ix) The Committee shall review the performance of the Board, KMP and senior management from time to time and establish succession plans in order to ensure uninterrupted functioning of the Board.
- x) The Committee may recommend removal of any director or KMP to the Board with reasons in writing explaining the breach of the company policy or any disqualifications or other such criteria for removal in line with the provisions of the Act, SEBI LODR, rules and regulations made thereunder including any amendments made from time to time.
- xi) The Board will have the discretion to retain the whole-time directors, KMP and senior management personnel in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the company.

9. TERMS OF APPOINTMENT

a) Managing Director/Whole-time Director/Executive Director/Non-executive Director

- The Board shall appoint or re-appoint any person as a managing director, whole-time director or manager for a term not exceeding five years (5 years) at a time subject to approval by the members at the next annual general meeting.
- Not less than one-third of the total number of directors (excluding independent directors) shall be liable to retirement by rotation at every annual general meeting as per the provisions of the Act and SEBI LODR as applicable.
- The directors retiring by rotation at every annual general meeting shall be those who have been longest in the office since last appointment; the retiring director amongst directors appointed on the same day shall be determined by a lot.
- At the annual general meeting at which a director retires by rotation, the company may fill up the vacancy either by appointing the retiring director or some other person as may be deemed fit.

b) Independent Director

- The term of appointment of an Independent Director shall be up to five years (5 years) but he or she shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment shall be made in the Board's Report.
- No independent director shall hold office for more than two consecutive terms but shall become eligible for appointment after expiration of three years (3 years) cool off period, provided that he or she shall not be appointed or associated with the company in any other capacity, either directly or indirectly during such period.

c) KMP and Senior Management

- The term of appointment and subsequent retirement of KMPs and senior management shall be as per the provisions of the Act, SEBI LODR, other rules or regulations including any amendments made from time to time and prevailing policy of the company.

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

A General

The Committee shall consider the following criteria with regard to recommendation of remuneration:

- (i) the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate potential candidates of the quality required to run the company successfully;
- (ii) Relationship of remuneration to performance shall be clear and able to meet appropriate performance benchmarks;
- (iii) In line with best governance practices and legal requirements;
- (iv) remuneration to directors, KMPs and senior management shall involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; and
- (v) ensure high quality of work.

B Executive Directors/Whole time Directors/Managing Directors

- i) The remuneration to the Managing Director and other Executive directors shall be broadly divided into fixed and variable components. The Fixed components shall comprise of monthly salary, allowances, perquisites, amenities and other retirement benefits. The variable component shall comprise of performance based annual commission. The performance criteria are individual performance based on annual targets, company's performance and recent compensation trends in the industry.
- ii) Subject to provisions of the Act and SEBI LODR, the remuneration payable shall be approved by the Board of Directors at the time of appointment subject to approval by shareholders by passing an ordinary resolution at the next general meeting of the company.
- iii) The overall remuneration payable to all the directors of the company including managing director and whole-time directors in respect of any financial year shall not exceed 11% of the net profits of the company.
- iv) Remuneration payable to any one managing director; or whole-time director or manager shall not exceed 5% of the net profits of the company and if there is more than one such director, the remuneration shall not exceed 10% of the net profits of all such directors and manager taken together.
- v) Payment of remuneration in excess of the above statutory limits shall be done by recording of clear reason and justification and obtaining approval of shareholders through special resolution as per the provisions of the Act, SEBI LODR and amendments made thereto from time to time.
- vi) The fees and compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting if –

- a) The annual remuneration payable to such executive director exceeds rupees five crore (5 crore) or 2.5 percent (2.5%) of the net profits of the company, whichever is higher; or
- b) Whether there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 percent (5%) of the net profits of the company

Such approval shall be valid only till the expiry of the term of such director.

C 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.
- (iv) **Reimbursement of Expenses :** Expenses in connection with Board and Committee meetings are reimbursed as per account rendered.
- (v) **Stock option :** The Independent directors shall not be entitled to any stock options under the stock option scheme of the company.

D KMP, Senior Management and senior employees one or two level below the BOD

- i) In respect of KMPs, senior management and other employees the remuneration shall be payable based on the person's performance, company's performance, targets achieved, industry benchmark and compensation trends in the industry.
- ii) The Committee shall recommend and finalise the salary and other perks payable to the senior management.

11 CRITERIA FOR EVALUATION OF PERFORMANCE OF DIRECTORS

- i) The evaluation process for performance of the Board, its Committees and directors shall be carried out as per the provisions of the Act and the SEBI LODR regulations.
- ii) The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by this Committee or by an Independent external agency and also review its implementation and compliance.
- iii) Each director shall be provided with a questionnaire to be filled up, providing feedback on the overall functioning of the Board and its committees.
- iv) The questionnaire shall cover various parameters such as composition, execution of specific duties, quality and timelines of flow of information, discussions and deliberations of different items of agenda, independence of judgments etc.
- v) The directors shall also be asked to provide their suggestions for areas of improvements to ensure higher degree of engagement with the management.
- vi) The evaluation of individual directors shall be carried out considering factors such as contribution, attendance, expertise, decision making skills and other related factors as may be deemed necessary in this exercise.
- vii) The evaluation of independent directors shall be done by the entire board of directors (excluding the directors being evaluated) with respect to –
 - a) Performance of the directors; and
 - b) Fulfilment of the independence criteria as per the provisions of the Act and SEBI LODR regulations and their independence from the management.

12 BOARD DIVERSITY

- i) Board diversity is an important aspect that makes use of differences in the skills, regional and industrial experience, background, gender and other distinctions to gain competitive advantage in the market.

- ii) The Committee shall periodically review the size and composition of the Board to ensure its structure in terms of different perspectives, skills and expertise in the board room.
- iii) The Committee shall strive to maintain a proper balance in terms of diversity in gender, thought, experience, knowledge and perspective when recommending persons for appointment to the Board.

13 DISCLOSURE REQUIREMENTS

- i) The Company shall also disclose in its Corporate Governance Report a confirmation that in the opinion of the board, the independent directors fulfil the conditions specified in SEBI LODR and are independent of the management.
- ii) The Corporate Governance Report shall also include detailed reasons for the resignation of any independent director who resigns before the expiry of his or her tenure along with a confirmation by such director that there are no other material reasons other than those provided.
- iii) This policy shall be uploaded on the website of the company i.e. www.hindmotor.com
- iv) The salient features of this policy and any changes made therein in brief along with a web link to the policy shall be provided in the Board's Report.

14 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

15 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.

16 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.

17 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.

Kolkata
29th May, 2019

A. Sankaranarayanan
Chairman of the Meeting

Independent Auditor's Report

To the Members of HINDUSTAN MOTORS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hindustan Motors Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'financial statements').

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, its profit and total Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules issued thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Emphasis of Matter

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

- (a) Note 47 to the Notes to the financial statements, which indicates that the net worth of the Company is fully eroded as at 31st March, 2019, leading to a material uncertainty about the Company's ability to continue as a 'going concern'. However, the financial statements of the Company have been prepared on a 'going concern' basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditors' Response
1.	<p>Evaluation on disputed claims including taxes against the Company pending under appeals</p> <p>The Company has material amount of disputed claims including taxes and these are at present pending for adjudication which involves significant judgment to determine the possible outcome of these disputes, as their likely outcome shall be known in future.</p> <p>Refer Note Nos. 1(o) and 41 to the financial statements.</p>	<p>Principal Audit Procedures</p> <p>Obtained detailed list of all pending claims including taxes based on tax assessments and demands for the year ended 31st March, 2019 from Management. We have checked the relevant papers and documents and also verified Management's underlying assumptions in estimating the tax provision and the possible outcome of the pending litigations. In course of our verification, we have also considered legal precedence and other rulings in evaluating Management's position on these uncertain tax positions.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information but does not include the financial statements and auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion is not modified in respect of the matter.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Attention is drawn to Note 47 to the financial statements.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our

opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. We conclude that a material uncertainty exists and attention is drawn to Para (a) of 'Emphasis of Matter' paragraph herein above. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 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 Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - (e) The 'going concern' matter described in Para (a) under the 'Emphasis of Matter' 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended:
According to the information and explanations given to us, no managerial remuneration is paid to its directors during the year by the Company.
- (i) 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, as amended 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 41 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 which were required to be transferred to the Investor Education and Protection Fund by the Company except as indicated in Note 22 to the financial statements.

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

Asish Kumar Mukhopadhyay
Partner

Membership No. : 056359

Place : Kolkata

Date : 29th May, 2019

Annexure to the Auditor's Report

(Referred to in paragraph 1 under the heading '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. No material discrepancies were noticed on such verification during the year.
- (c) The title deed of immovable properties is 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 accepting.
- (iii) According to the information and explanation given to us, during the year, 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, goods and service tax, sales tax/ value added tax, service tax, duty of customs, duty of excise, 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
West Bengal Deferment Tax	STDC	1791.50	April, 2013 to June, 2014	May, 2013 to July, 2014	Not paid
	June, 2012 to June, 2014	July, 2012 to July, 2014	Not paid	May, 2013 to July, 2014	Not paid
The West Bengal Municipal Act, 1993	Municipal Tax under Uttarpara Kotrang Municipality	144.88	June, 2012 to June, 2014	July, 2012 to July, 2014	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	4053.69	1984-2015	High Court, CESTAT, 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.	518.32	1995-2014	High Court/ W.B. Commercial Taxes Appellate and Revision Board/ Joint Commissioner- Appeal
Tamil Nadu Sales Tax Act, 1959	Additional Sales tax etc	2.52	1989-1996	Assistant Commissioner
West Bengal Value Added Tax Act, 2003	Provisional Assessment, Enhancement of turnover with wrong calculation and taxed	2422.86	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.	49.88	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) The Company has no borrowings from financial institution, bank, government and the Company has no debenture holders. Accordingly, clause (viii) of paragraph 3 of the aforesaid Order is not applicable to the Company.
- (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 (xi) 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 Notes to the financial statements as required by the applicable Accounting Standards (Ind AS).

- (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, 2019

Membership No. : 056359

Annexure A referred to in paragraph 3(g) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:-

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

We have audited the internal financial controls over financial reporting of Hindustan Motors Limited (“the Company”) as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). 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 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 Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles including the Indian Accounting Standards (Ind AS). 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 the 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

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

Opinion

In our opinion, the Company 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 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Asish Kumar Mukhopadhyay
Partner

Place : Kolkata
Date : 29th May, 2019

Membership No. : 056359

Balance Sheet as at March 31, 2019

		(Amounts in INR Lakhs)	
	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	2,137.60	2,387.32
Intangible Assets	4	–	14.52
Financial Assets			
(i) Investments	5	10.84	10.84
(ii) Trade Receivables	6	–	–
(iii) Other Financial Assets	7	9.26	9.26
Other Non-Current Assets	8	74.83	75.05
TOTAL NON-CURRENT ASSETS		2,232.53	2,496.99
CURRENT ASSETS			
Inventories	9	42.69	127.74
Financial Assets			
(i) Trade Receivables	10	5.49	5.47
(ii) Cash and Cash Equivalents	11	268.23	1,654.69
(iii) Bank Balances other than (ii) above	12	1.95	1.95
(iv) Other Financial Assets	13	191.80	214.27
Other Current Assets	14	297.00	538.99
TOTAL CURRENT ASSETS		807.16	2,543.11
TOTAL ASSETS		3,039.69	5,040.10
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	15	10,441.44	10,441.44
Other Equity	16	(13,468.14)	(16,112.82)
Total Equity		(3,026.70)	(5,671.38)
Liabilities			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Other Financial Liabilities	17	21.92	8.85
Provisions for Employee Benefit Obligations	18	246.61	293.17
Deferred Tax Liability (Net)	19	–	–
Other Non Current Liabilities	20	7.30	2.09
TOTAL NON CURRENT LIABILITIES		275.83	304.11
CURRENT LIABILITIES			
Financial Liabilities			
(i) Trade Payables	21	–	–
– Total outstanding dues of micro enterprises and small enterprises; and		–	–
– Total outstanding dues of creditors other than micro enterprises and small enterprises		1,477.31	1,743.31
(ii) Other Financial Liabilities	22	2,557.02	3,256.96
Provisions for Employee Benefit Obligations	23	24.15	30.94
Tax Liabilities (Net)	24	48.59	486.98
Other Current Liabilities	25	1,683.49	4,889.18
TOTAL CURRENT LIABILITIES		5,790.56	10,407.37
TOTAL EQUITY AND LIABILITIES		3,039.69	5,040.10

Significant accounting policies and other accompanying notes (1 - 51) form an integral part of the financial statements

This is the Statement of Balance Sheet referred to in our report of even date.

For **Ray & Ray**

Chartered Accountants

ICAI Firm's Registration Number: 301072E

Asish Kumar Mukhopadhyay

Partner

Membership No. 056359

Prativa Sharma

Company Secretary

A. Sankaranarayanan

Director

Place : Kolkata

Date : May 29, 2019

Bhikam Chand Mishra

Chief Executive Officer

Mahesh Kumar Kejriwal

Chief Financial Officer

Uttam Bose

Director

Statement of Profit and Loss for the year ended March 31, 2019

(Amounts in INR Lakhs)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
INCOME			
Revenue from Operations	26	53.97	-
Other Income	27	3,552.04	938.58
TOTAL INCOME		3,606.01	938.58
EXPENSES			
Cost of Materials and Components Consumed	28	40.70	143.27
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	29	39.40	64.34
Employee Benefits Expense	30	225.17	447.45
Finance Costs	31	164.76	870.63
Depreciation and Amortisation Expense	32	119.56	143.32
Rates & Taxes	33	47.78	435.53
Other Expenses	34	308.48	503.56
TOTAL EXPENSES		945.85	2,608.10
Profit / (Loss) Before Exceptional Items and Tax		2,660.16	(1,669.52)
Exceptional Items (Net)	35	-	7,896.58
Profit / (Loss) Before Tax		2,660.16	6,227.06
TAX EXPENSES			
Current Tax	36	53.59	520.83
Income Tax Refund for earlier year	36	(64.80)	-
Income Tax for earlier year		-	48.35
Profit / (Loss) for the year		2,671.37	5,657.88
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of Post-employment benefit obligations		(36.98)	(90.29)
- Tax relating to these items			
Income Tax		10.29	20.83
Total Other Comprehensive Income/ (Loss) for the year, net of tax		(26.69)	(69.46)
Total Comprehensive Income for the year		2,644.68	5,588.42
Earnings per equity share			
(1) Basic	45	1.28	2.71
(2) Diluted	45	1.28	2.71

Significant accounting policies and other accompanying notes (1 - 51) form an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date.

For Ray & Ray

Chartered Accountants

ICAI Firm's Registration Number: 301072E

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

Asish Kumar Mukhopadhyay

Partner

Membership No. 056359

Prativa Sharma

Company Secretary

A. Sankaranarayanan

Director

Place : Kolkata

Date : May 29, 2019

Bhikam Chand Mishra

Chief Executive Officer

Mahesh Kumar Kejriwal

Chief Financial Officer

Uttam Bose

Director

Statement of changes in Equity as at March 31, 2019

A. Equity Share Capital

	Note	(Amounts in INR Lakhs)
<i>As at April 01, 2017</i>	15	10,441.44
Changes in equity share capital during the year		–
<i>As at March 31, 2018</i>		10,441.44
Changes in equity share capital during the year		–
As at March 31, 2019		10,441.44

B. Other Equity

(Amounts in INR Lakhs)

Particulars	Note	Reserves and surplus					Total
		Capital Reserve	Securities premium reserve	Revaluation Reserve	Capital Subsidy	Retained earnings (Surplus)	
Balance at April 1, 2017	16	3.53	2,771.60	726.70	15.00	(25,218.07)	(21,701.24)
Profit for the year		–	–	–	–	5,657.88	5,657.88
Adjustment towards assets discarded		–	–	(5.84)	–	5.84	–
Other comprehensive income for the year, net of tax		–	–	–	–	(69.46)	(69.46)
Total comprehensive income for the year		–	–	(5.84)	–	5,594.26	5,588.42
Balance as at March 31, 2018		3.53	2,771.60	720.86	15.00	(19,623.81)	(16,112.82)
Balance at April 1, 2018		3.53	2,771.60	720.86	15.00	(19,623.81)	(16,112.82)
Profit for the year		–	–	–	–	2,671.37	2,671.37
Other comprehensive income for the year, net of tax		–	–	–	–	(26.69)	(26.69)
Total comprehensive income for the year		–	–	–	–	2,644.68	2,644.68
Balance as at March 31, 2019		3.53	2,771.60	720.86	15.00	(16,979.13)	(13,468.14)

Significant accounting policies and other accompanying notes (1 - 51) form an integral part of the financial statements

This is the Statement of change in Equity referred to in our report of even date.

For **Ray & Ray**

Chartered Accountants

ICAI Firm's Registration Number: 301072E

Asish Kumar Mukhopadhyay

Partner

Membership No. 056359

Place : Kolkata

Date : May 29, 2019

Prativa Sharma

Company Secretary

A. Sankaranarayanan

Director

Bhikam Chand Mishra

Chief Executive Officer

Mahesh Kumar Kejriwal

Chief Financial Officer

Uttam Bose

Director

Cash Flow Statement for the year ended March 31, 2019

	Year ended March 31, 2019	(Amounts in INR Lakhs) Year ended March 31, 2018
A Cash Flow from Operating Activities:		
Profit / (Loss) before Exceptional Items and Tax	2,660.16	(1,669.52)
Adjustment for -		
Depreciation and amortisation expense	119.56	143.32
(Gain)/loss on disposal of property, plant and equipment	(12.33)	(10.15)
Unspent Liabilities and Provisions no longer required Written Back	(3,379.06)	(714.74)
Investment Written Off	-	0.10
Interest income classified as investing cash flows	(65.87)	(59.49)
Finance costs	164.76	870.63
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in trade receivables	(0.02)	97.38
(Increase)/Decrease in inventories	85.05	199.10
(Increase)/ Decrease in other financial assets	17.95	31.89
(Increase)/Decrease in other non-current assets	0.22	303.89
(Increase)/Decrease in other current assets	241.99	(275.99)
Increase/(Decrease) in trade payables	(266.00)	(640.91)
Increase/ (Decrease) in employee benefit obligations	(90.33)	(281.21)
Increase/(Decrease) in other non-financial liabilities	2,743.88	151.44
Increase/(Decrease) in other non-current liabilities	5.21	2.09
Increase/(Decrease) in other current liabilities	(3,205.69)	(1,309.64)
Cash Flow from Operating Activities	(980.52)	(3,161.81)
Income taxes paid (net of refund)	(416.89)	(184.14)
Net cash flow from Operating Activities	(1,397.41)	(3,345.95)
B. Cash flows from Investing Activities		
(Purchase)/Sale of Fixed Assets	(0.78)	-
Proceeds from sale of Brand	-	7,896.58
Proceeds from sale of property, plant and equipment	157.79	23.22
Payable for Property, Plant and Equipment	-	(53.00)
Interest received	70.39	54.97
Net cash flow from Investing Activities	227.40	7,921.77
C. Cash flows from Financing Activities		
Repayment of borrowings :		
Loans	-	(416.15)
Non-Convertible Debenture	-	(1,368.67)
Interest paid	(216.45)	(1,139.45)
Net Cash Flow from Financing Activities	(216.45)	(2,924.27)
Net increase/(decrease) in cash & cash equivalents (A+B+C)	(1,386.46)	1,651.55
Cash and cash equivalents at the beginning of the year	1,654.69	3.14
Cash and cash equivalents at the end of the year	268.23	1,654.69

The above cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7- Statement of Cash Flow. Significant accounting policies and other accompanying notes (1 - 51) form an integral part of the financial statement. This is the Statement of Cash Flow referred to in our report of even date.

For Ray & Ray

Chartered Accountants

ICAI Firm's Registration Number: 301072E

Asish Kumar Mukhopadhyay

Partner

Membership No. 056359

Prativa Sharma

Company Secretary

As Approved,

For and on behalf of the Board of Directors

A. Sankaranarayanan

Director

Place : Kolkata

Date : May 29, 2019

Bhikam Chand Mishra

Chief Executive Officer

Mahesh Kumar Kejriwal

Chief Financial Officer

Uttam Bose

Director

Notes to Accounts (Contd.)

Corporate Information

Hindustan Motors Limited ("the Company") is a Company limited by shares, incorporated and domiciled in India having its Registered Office at Kolkata. The Shares of the Company are publicly traded on the National Stock exchange of India and BSE Limited. The Company is primarily engaged in 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 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared as a going concern on an accrual basis in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended] and Other applicable provisions of the Act, to the extent applicable.

The financial statements have been prepared on accrual basis of accounting under historical cost convention and presented in Indian Rupees (INR) which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest lacs.

However, the following financial assets and financial liabilities are measured at fair value:

- i) Certain financial assets and liabilities measured at fair value.
- ii) Plan assets of defined employee benefit plans.

(b) Property, Plant and Equipment

The Company has regarded the Previous GAAP carrying value for all of its property, plant and equipment as deemed cost at the transition date, viz., 1 April, 2016. Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation, net of impairment, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on 'Straight Line Method', over the estimated useful lives of the respective assets as prescribed under 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 rates prescribed under Schedule II of the Companies act, 2013. Depreciation on leasehold land (other than perpetual lease) is provided over the respective lease period. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Derecognition :

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

(c) Intangible Assets

The Company has elected to avail the exemption granted by IND AS-101 "First time adoption of IND AS" and

Notes to Accounts (Contd.)

regard the Previous GAAP carrying value for all of its intangible assets as deemed cost at the transition date, viz., 1 April, 2016. Intangible assets are stated at cost less accumulated amortisation and net of impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and its cost can be measured reliably. Intangible assets are amortised on straight line basis over their estimated useful lives.

Derecognition :

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in profit or loss.

(d) 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.

(e) Fair Value Measurement

Fair value is the price that would be received on sale of asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Normally at initial recognition the transaction price is the best evidence of fair value.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and the risks of the asset or liability and at the level of the fair value hierarchy. This categorization is based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(f) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to Accounts (Contd.)

Financial Assets :

Initial recognition and measurement

All financial assets except trade receivables are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expressed in the Statement of Profit and Loss.

The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

Subsequent measurement

Subsequent measurement of financial assets is described below -

(i) Debt instruments :

A debt instrument is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) Equity investment :

The Company subsequently measures all equity investments in companies other than equity investments in subsidiaries, joint ventures and associates at fair value. As per management, as sufficient recent information is not available to measure the fair value, cost represents best estimate of the fair value within that range.

Derecognition :

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when :

- The rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities :

Financial liabilities of the Company are contractual obligations to deliver cash or another financial asset to another entity.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value minus transaction costs that are directly attributable and subsequently measured at amortised cost. Any difference between

Notes to Accounts (Contd.)

the proceeds (net of transaction costs) and the fair value at initial recognition is recognised through profit or loss and loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value, and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the Statement of Profit and Loss when the liabilities are derecognized.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

Derecognition :

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The differences in the respective carrying amounts are recognized in the Statement of Profit and Loss.

(g) Impairment

1. Property, plant and equipment and other intangible assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

2. Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. The Company tests for impairment using the ECL model for financial assets such as trade receivables, loans and advances to be settled in cash and deposits.

Notes to Accounts (Contd.)

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. Life time ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss (P&L). This amount is reflected in a separate line in the P&L as an impairment gain or loss. For financial assets measured at amortised cost, ECL is presented as an allowance which reduces the net carrying amount of the financial asset.

(h) Revenue Recognition

- (i) Amounts disclosed as revenue are inclusive of excise duty and net of trade allowances, rebates, goods and service tax.
- (ii) 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.
- (iii) Revenue from interest is recognized on accrual basis and determined by contractual rate of interest.
- (iv) Dividend income is stated at gross and is recognized when right to receive payment is established.

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity after dispatch of goods and passing of title to the customer.

(i) Employee Benefits**(i) Short term obligations :**

Short term employee benefits are accrued in the year services are rendered by the employees.

(ii) Post employment benefit obligations :

Contributions to defined contribution plans such as Provident Fund etc. are being made in accordance with the statute and are recognized as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income. Other costs are recognized in the Statement of Profit and Loss.

Other long term employee benefits consisting of Leave encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain or loss are recognized in the Statement of Profit or Loss.

Contribution to Superannuation Fund, a defined contribution plan is made in accordance with the Company Policy and is recognized in the Statement of Profit and Loss.

(j) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance lease. Assets under finance lease are capitalized at the

Notes to Accounts (Contd.)

inception, at the fair value of the leased property or if lower, the present value of minimum lease payments. The corresponding rental obligations, net of finance charge, are included in borrowings or other financial liabilities, as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating lease. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(k) Foreign Currency Transaction

(i) Transactions and balances

At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date and exchange difference has been recognized in the Statement of Profit and Loss. The company classifies all its foreign operations as integral in nature.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of transaction.

(ii) 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.

(l) Income Taxes

Current income tax is recognized based on the amount expected to be paid to the tax authorities, using tax rates and tax laws that have been enacted or substantially enacted on the date of Balance Sheet.

Current tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(m) Deferred Tax

Deferred tax is recognised, using the Balance Sheet- liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. 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.

Notes to Accounts (Contd.)

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(n) Earnings Per Share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares and dilutive equity equivalent shares outstanding during the period, except when results will be anti-dilutive.

(o) Provisions, Contingent Liabilities, Contingent Assets

Provisions are recognized when there is a present legal or statutory obligation or constructive obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are recognized when there is a possible obligation arising from past events due to occurrence and non occurrence of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow to the company are not recognised but disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

(p) Segment Reporting

In accordance with Ind AS 108-"Operating Segment", the operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker"(CODM). The Board of Directors is collectively the Company's CODM.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Ind AS 116, Leases :

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116, Leases. The new standard proposes an overhaul in the accounting for lessees by completely letting go off the previous "dual" finance vs. operating lease model. The guidance in the new standard requires lessees to adopt a single model approach which brings leases on the balance sheet on day 1, in the form of a right-of-use asset and a lease liability.

The standard permits two possible methods of transition :

- **Retrospective Approach** - Under this approach the standard will be applied retrospectively as if Ind AS 116 always applied, to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- **Prospective Approach** – Under this approach, measurement of asset is done as if Ind AS 116 had been applied from lease commencement (using incremental borrowing rate at initial application date i.e. April 01, 2019) or

measure the assets at an amount equal to the liability. Lease liability will be calculated by doing the present value of remaining lease payments for existing operating lease using incremental borrowing rate at the date of transition.

Further, standard has also given the relief as Grandfathering provision as follows:-

As on initial application date, Company may :

- Apply this standard only to leases identified as per erstwhile Ind AS 17 and
- Not apply Ind AS 116 to contracts which were not identified as leases as per Ind AS 17

The effective date for adoption of Ind AS 116 is financial periods beginning on or after 01 April, 2019. The Company will adopt the standard on 01 April, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March, 2019 will not be retrospectively adjusted.

3 USE OF ESTIMATES AND MANAGEMENT JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgments, assumptions and the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides information about the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates, underlying assumptions and judgements are reviewed on ongoing basis. Revisions to accounting estimates are recognised in a period in which the estimates are revised. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

Notes to Accounts (Contd.)**4. Property, Plant and Equipment & Intangible Assets**

(Amounts in INR Lakhs)

Particulars	Tangible Assets							Intangible Assets			
	Freehold Land [Note (d)]	Leasehold Land [Note (a)]	Buildings [Note (d)]	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software	Product Development	Total
At Deemed Cost											
As at April 01, 2017	660.08	12.66	480.94	1,408.35	11.32	18.27	20.10	2,611.72	5.21	97.12	102.33
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	7.55	5.51	0.01	-	-	13.07	-	-	-
As at March 31, 2018	660.08	12.66	473.39	1,402.84	11.31	18.27	20.10	2,598.65	5.21	97.12	102.33
Additions	-	-	-	-	-	-	0.78	0.78	-	-	-
Disposals	-	-	2.49	153.88	1.85	1.19	1.95	161.36	-	-	-
As at March 31, 2019	660.08	12.66	470.90	1,248.96	9.46	17.08	18.93	2,438.07	5.21	97.12	102.33
Depreciation											
As at April 01, 2017	-	0.19	33.19	67.54	1.02	1.74	6.28	109.96	4.52	41.34	45.86
Charge for the period	-	0.19	29.15	66.62	0.98	0.10	4.33	101.37	0.69	41.26	41.95
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	0.38	62.34	134.16	2.00	1.84	10.61	211.33	5.21	82.60	87.81
Charge for the period	-	0.18	25.57	76.18	0.83	-	2.28	105.04	-	14.52	14.52
Disposals	-	-	-	14.65	0.17	-	1.08	15.90	-	-	-
As at March 31, 2019	-	0.56	87.91	195.69	2.66	1.84	11.81	300.47	5.21	97.12	102.33
Net Block											
As at March 31, 2018	660.08	12.28	411.05	1,268.68	9.31	16.43	9.49	2,387.32	-	14.52	14.52
As at March 31, 2019	660.08	12.10	382.99	1,053.27	6.80	15.24	7.12	2,137.60	-	-	-

Notes :

- (a) Refer Note No. 42
- (b) Building includes proportionate cost of a part of Building (on Lease Hold Land) and Other Assets amounting to INR 0.87 lakhs (2018-INR 0.87 lakhs) held in joint ownership basis with others at Kolkata.
- (c) Building includes INR 4.50 lakhs (2018-INR 4.50 lakhs) being the value of share in Co-operative Housing Societies.
- (d) Includes some portion of land and building given on rent, but the value of which could not be ascertained.

Notes to Accounts (Contd.)

(Amounts in INR Lakhs)

	As at	As at
	March 31, 2019	March 31, 2018

5. NON-CURRENT INVESTMENTS**Investments in equity instruments (fully paid)****Unquoted - In Subsidiary Companies (at cost)**

1,00,000 (1,00,000) Equity shares in Hindustan Motors Limited, USA (Incorporated in the State of Delaware, USA)	163.09	163.09
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Less : Diminuation in the value of Investment	(163.09)	(163.09)
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In Other Entities (at cost)

50,000 (50,000) equity shares of INR 10 each in Pithampur Auto Cluster Limited	5.00	5.00
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2,000 (2,000) equity shares of INR 10 each in Bengal Shriram Hitech City Private Limited	0.20	0.20
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10,000 (10,000) equity shares of INR 10 each in AVTEC Limited	5.64	5.64
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Total Investment in equity instruments	10.84	10.84
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Total non-current investments	10.84	10.84
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Aggregate amount of unquoted investments	173.93	173.93
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Aggregate amount of impairment due to diminuation in the value of investment	(163.09)	(163.09)
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(Amounts in INR Lakhs)

	As at	As at
	March 31, 2019	March 31, 2018

6. NON-CURRENT TRADE RECEIVABLES (Unsecured)*Considered Doubtful*

Receivables other than from related parties	—	41.54
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Less: Provision for doubtful receivables	—	(41.54)
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Total trade receivables	—	—
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Notes to Accounts (Contd.)

	(Amounts in INR Lakhs)	
	As at	As at
	March 31, 2019	March 31, 2018
7. OTHER NON-CURRENT FINANCIAL ASSETS		
<i>Unsecured, considered good</i>		
Security Deposits	9.26	9.26
<i>Unsecured, considered Doubtful</i>		
Loan to Related Party (Subsidiary Company)	107.65	107.65
Less : Provision made for doubtful loan	(107.65)	(107.65)
Total other non-current financial assets	9.26	9.26
8. OTHER NON-CURRENT ASSETS		
<i>Unsecured</i>		
Deferred Rent Expense for Security Deposit Assets	1.31	1.33
Other Deposit of Non financial nature		
Considered good	73.52	73.72
Considered doubtful	98.20	118.09
Less : Provision made for doubtful Advances	(98.20)	(118.09)
Other Receivables		
Considered doubtful	42.12	43.05
Less : Provision made for doubtful receivables	(42.12))	(43.05)
Total other non-current financial assets	74.83	75.05
9. INVENTORIES		
<i>At lower of cost and net realisable value</i>		
Raw Materials and Components	31.02	71.72
Goods under process	–	32.45
Finished goods	11.67	18.52
Traded goods	–	0.10
Stores and spares	–	4.95
Total inventories	42.69	127.74
10 TRADE RECEIVABLES		
<i>Unsecured, Considered good</i>		
from Related Party (HML, USA)	5.47	5.47
from Others	0.02	–
Total trade receivables	5.49	5.47

Notes to Accounts (Contd.)

	(Amounts in INR Lakhs)	
	As at	As at
	March 31, 2019	March 31, 2018
11 CASH & CASH EQUIVALENTS		
Balances with Scheduled Banks		
in Current Accounts	267.82	154.59
in Fixed Deposit Accounts (Deposit with maturity of less than three months)	–	1,500.00
Cheques in hand	0.40	–
Cash on hand	0.01	0.10
Total cash and cash equivalents	268.23	1,654.69
12 OTHER BANK BALANCES		
Unpaid Dividend Account	1.95	1.95
Total other bank balances	1.95	1.95
13 OTHER CURRENT FINANCIAL ASSETS		
Security Deposits	1.01	1.01
Receivable towards sale of CCP assets (Pursuant to Business Transfer Agreement)	190.79	208.74
Accrued Interest	–	4.52
Total other current financial assets	191.80	214.27
14 OTHER CURRENT ASSETS		
Prepaid Expenses	5.70	1.71
Deferred Rent Expense on Security Deposit given	0.02	0.02
Advances receivable in cash or in kind or for value to be received or for pending adjustments	164.65	400.65
GST and other refund receivable	29.26	26.97
Balances with Custom, Port trust & other government departments	97.37	109.64
Total other current assets	297.00	538.99

Notes to Accounts (Contd.)

(Amounts in INR Lakhs)

	As at March 31, 2019	As at March 31, 2018
15 EQUITY SHARE CAPITAL		
Authorised		
33,00,00,000 (33,00,00,000) Equity shares of INR 5 each	16,500.00	16,500.00
55,00,000 (55,00,000) Unclassified shares of INR 100 each	5,500.00	5,500.00
	22,000.00	22,000.00
Issued		
20,90,76,597 (20,90,76,597) Equity Shares of INR 5 each	10,453.83	10,453.83
Subscribed & Paid-Up		
20,86,59,293 (20,86,59,293) Equity Shares of INR 5 each	10,432.96	10,432.96
Add: Forfeited Shares (amount originally paid-up)	8.48	8.48
Total equity share capital	10,441.44	10,441.44

(i) Reconciliation of equity share capital

	Number of shares	Equity share capital (par value)
<i>As at March 31, 2018</i>	20,86,59,293	10,433
Change during the year	—	—
<i>As at March 31, 2019</i>	20,86,59,293	10,433

(ii) Rights and preferences attached to equity shares :

The Company has only one class of equity shares issued and subscribed of face value of INR 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.

(iii) Details of Shareholders holding more than 5 percent shares in the Company :

Name of Shareholders	As at 31st March 2019		As at 31st March 2018	
	Number of Shares	% of Holding	Number of Shares	% of Holding
National Bearing Co. (Jaipur) Ltd.	2,16,12,354	10.36%	2,16,12,354	10.36%
Central India Industries Ltd.	1,84,00,600	8.82%	1,84,00,600	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 Accounts (Contd.)

(Amounts in INR Lakhs)		
	As at	As at
	March 31, 2019	March 31, 2018
16 OTHER EQUITY		
Capital Reserve	3.53	3.53
Securities Premium	2,771.60	2,771.60
Revaluation Reserve	720.86	720.86
Capital Subsidy	15.00	15.00
Surplus / (Deficit)	(16,979.13)	(19,623.81)
Total other equity	(13,468.14)	(16,112.82)
(i) CAPITAL RESERVE		
Opening Balance	3.53	3.53
Adjustment during the year	—	—
Closing Balance	3.53	3.53
(ii) SECURITIES PREMIUM RESERVE		
Opening Balance	2,771.60	2,771.60
Adjustment during the year	—	—
Closing Balance	2,771.60	2,771.60
(iii) REVALUATION RESERVE		
Opening Balance	720.86	726.70
Adjustment during the year	—	(5.84)
Closing Balance	720.86	720.86
(iv) CENTRAL SUBSIDY		
Opening Balance	15.00	15.00
Adjustment during the year	—	—
Closing Balance	15.00	15.00
(v) RETAINED EARNINGS / SURPLUS		
Opening Balance	(19,623.81)	(25,218.07)
Less : Revaluation Reserve Set off on Building Discarded	—	5.84
Add: Profit /(Loss) during the year as per Statement of Profit & Loss	2,671.37	5,657.88
Other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(26.69)	(69.46)
Closing Balance	(16,979.13)	(19,623.81)
<i>Nature and purpose of Reserves</i>		
(i) Securities premium		
Securities premium represents amount received in excess of per value of issue of shares. The Premium is utilised in accordance with the provisions of the Companies Act.		
(ii) Revaluation Reserve		
Revaluation Reserve was created under previous GAAP on upward revaluation of land and building.		

Notes to Accounts (Contd.)

	(Amounts in INR Lakhs)	
	As at March 31, 2019	As at March 31, 2018
17 OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security Deposits	21.92	8.85
Total other non-current financial liabilities	21.92	8.85
18 PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS - Non-current		
Leave Encashment - Unfunded		
Present value of obligation	84.84	96.62
Gratuity - Funded		
Present value of obligation	301.21	339.41
Fair value of plan assets	139.44	142.86
Net Liability	161.77	196.55
Total employee benefit obligations	246.61	293.17
19 DEFERRED TAX LIABILITIES - NET		
<i>Deferred Tax Liabilities on account of:</i>		
Depreciation	274.75	295.30
Total deferred tax liabilities (A)	274.75	295.30
<i>Deferred Tax Assets on account of:</i>		
Accrued Expenses Deductible on Payment	608.07	1,423.35
Unabsorbed Depreciation and carried forward business loss	3,725.25	4,474.66
Total deferred tax assets (B)	4,333.32	5,898.01
Deferred Tax Liabilities / (Assets) (Net) - (A-B)	(4,058.57)	(5,602.71)
Movement in deferred tax liabilities		
		Amounts in INR Lakhs
<i>As at March 31, 2017</i>		339.21
Change due to timing difference		43.91
<i>As at March 31, 2018</i>		295.30
Change due to timing difference (Refer Note below)		20.55
<i>As at March 31, 2019</i>		274.75

Notes to Accounts (Contd.)*Movement in deferred tax assets*

	Statutory Expenses allowable against taxable income in future	Unabsorbed Depreciation and carried forward business loss	Amounts in INR Lakhs
<i>As at March 31, 2017</i>	2,583.30	4,836.34	7,419.64
Changes on the basis of amount claimed against taxable income	1,159.95	361.68	1,521.63
<i>As at March 31, 2018</i>	<u>1,423.35</u>	<u>4,474.66</u>	<u>5,898.01</u>
Changes on the basis of amount claimed against taxable income (Refer Note below)	(815.28)	(749.41)	(1,564.69)
<i>As at March 31, 2019</i>	<u>608.07</u>	<u>3,725.25</u>	<u>4,333.32</u>

Note : In terms of accounting policy 1(m) followed by the Company, net deferred tax assets have not been recognised.

(Amounts in INR Lakhs)
As at **As at**
March 31, 2019 **March 31, 2018**

20 OTHER NON-CURRENT LIABILITIES

Other liabilities	7.30	2.09
Total other non-current financial liabilities	<u>7.30</u>	<u>2.09</u>

21 TRADE PAYABLES

Trade Payables - others	1,467.98	1,733.98
Trade Payables to related parties	9.33	9.33
Total trade payables	<u>1,477.31</u>	<u>1,743.31</u>

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 follows :

i. Principal amount remaining unpaid to any supplier at the end of accounting period	—	—
ii. Interest due on above	—	—
Total of (i) & (ii)	—	—
iii. Amount of interest paid/adjusted by the Company to the suppliers	—	652.73
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	—	—
vii. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.		

Notes to Accounts (Contd.)

	(Amounts in INR Lakhs)	
	As at March 31, 2019	As at March 31, 2018
22 OTHER CURRENT FINANCIAL LIABILITIES		
Current Maturities of Long Term Debt		
S. T. Deferral Credit (STDC)*	1,791.50	1,791.50
Unclaimed Dividend **	1.95	1.95
Security Deposits	129.67	221.99
Accrued Interest		
Due	–	51.69
Others :		
- Other Payables	370.05	681.35
Liabilities for Other Expenses	263.85	508.48
Total Other current financial liabilities	2,557.02	3,256.96
*Repayment of interest free STDC of Rs. 1791.50 lakhs which already became due has not been paid as on Balance Sheet date.		
**Amount not deposited as the cases are sub-judice.		
23 PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS - Current		
Leave Encashment - Unfunded		
Present value of obligation	9.01	11.47
Gratuity - Funded		
Present value of obligation	28.19	339.41
Fair value of plan assets	13.05	142.86
Net Liability	15.14	19.47
Total employee benefit obligations	24.15	30.94
24 TAX LIABILITIES (NET)		
Income Tax		
As per last Balance Sheet	486.98	122.77
Add : Tax Payable for the year	43.30	548.35
Less : Taxes Paid	(416.89)	(209.48)
Add : Refund/Adjustment for earlier Years	(64.80)	25.34
Total tax liabilities (Net)	48.59	486.98
25 OTHER CURRENT LIABILITIES		
Statutory and other dues	1,319.81	4,439.43
Liabilities related to Employees	361.26	448.80
Other Liabilities - Deferred Rent Income	2.42	0.95
Total other current liabilities	1,683.49	4,889.18

Notes to Accounts (Contd.)

(Amounts in INR Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
26 REVENUE FROM OPERATIONS		
Other Operating Income		
Sale of Scrap	32.00	—
Others	21.97	—
Total revenue from operations	53.97	—
27 OTHER INCOME		
a) Interest on Fixed Deposit with Banks and Others	65.87	59.49
b) Other Non Operating Income		
Unspent Liabilities and Provisions no longer required Written Back (Refer Note 50)	3,379.06	714.74
Miscellaneous Income -Non Operating	32.42	104.26
Profit on Sale of Fixed Assets (Net)	12.33	10.15
Provision for Doubtful Debts/Advances made in earlier years - wirtten back and adjusted	62.36	49.94
Total other income	3,552.04	938.58
28 COST OF MATERIALS & COMPONENTS CONSUMED		
Opening Stock	71.72	193.19
Purchases	—	21.80
Less : Closing Stock	31.02	71.72
Total Cost of Materials Components Consumed	40.70	143.27
Note: Consumption of Materials and Components includes profit / loss on sale thereof and for obsolesences of Material & Components		
29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE		
Closing Inventories of :		
Goods under Process	—	32.45
Finished Goods	11.67	18.52
Trading Goods	—	0.10
	11.67	51.07
Opening Inventories of :		
Goods under Process	32.45	96.69
Finished Goods	18.52	18.52
Trading Goods	0.10	0.20
	51.07	115.41
Total changes in inventories of finished goods, work in progress and stock-in-trade	39.40	64.34

Notes to Accounts (Contd.)

	(Amounts in INR Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
30 EMPLOYEE BENEFITS EXPENSE		
Salaries & Wages	184.38	377.14
Contribution to Provident and Other Funds	33.44	59.80
Staff Welfare Expense	7.35	10.51
Total employee benefits expense	225.17	447.45
31 FINANCE COSTS		
Interest on borrowings, on unpaid statutory liability & others	164.76	870.63
Total finance costs	164.76	870.63
* includes INR 44 Lakhs (2018- N IL) interest on income tax paid		
32 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	105.04	101.37
Amortisation of intangible assets	14.52	41.95
Total depreciation and amortisation expense	119.56	143.32
33 RATES & TAXES		
Municipal & other taxes	47.78	106.02
Sales Tax	–	329.51
Total depreciation and amortisation expense	47.78	435.53

Notes to Accounts (Contd.)

(Amounts in INR Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
34 OTHER EXPENSES		
Consumption of Stores and Spares	4.95	15.33
Rent	6.35	6.31
Repairs & Maintenance		
Building	13.74	15.93
Plant & Machinery	1.80	—
Insurance Charges	0.14	5.73
Power & Fuel	8.94	14.95
Delivery Charges, Freight and Transportation	—	0.06
Travelling and Conveyance	10.88	14.27
Motor Car	3.36	2.30
Legal & Professional Fee	121.74	183.81
Membership Fee & Subscription	18.61	19.22
Bank Charges	0.51	9.45
Printing & Stationary	8.51	9.60
Factory Sanitation & Cleaning	2.88	2.59
Sundry balance Written off	1.04	66.36
Directors Fee	4.10	4.50
Directos Travelling	1.19	0.84
Auditors Remuneration [refer note below *]	8.00	9.00
Advertisement & Publicity	0.40	0.12
Bad debt written off	61.44	91.02
Provision for Doubtful Debts	—	10.85
Miscellaneous expenses	29.90	21.32
Total other expenses	308.48	503.56
* Details of Auditors' remuneration		
Audit fee (2018 for two years)	7.00	7.00
Tax Audit Fees	1.00	2.00
Total auditors remuneration	8.00	9.00
35 EXCEPTIONAL ITEMS		
On sale of Ambassador Brand (Net of Exchange Fluctuation)	—	7,896.58
	—	7,896.58

Notes to Accounts (Contd.)

	(Amounts in INR Lakhs)	
	Year ended	Year ended
	March 31, 2019	March 31, 2018
36 TAX EXPENSE		
Income tax		
Tax on profits for the year	53.59	520.83
Adjustments for prior periods	—	48.35
Total income tax	53.59	569.18
Less : Recognised in OCI	(10.29)	(20.83)
Total tax expense	43.30	548.35
Reconciliation of tax expense and the accounting profit multiplied by tax rate :		
Profit before income tax expense	2,660.16	6,227.06
Other Comprehensive Income / (Expenses)	(36.98)	(90.29)
	2,623.18	6,136.77
Tax at the rate of 27.82% on Capital Gain (2018 - 23.072%)	729.77	1,415.87
Tax effect of amounts which are not deductible in calculating taxable income :		
Provision for Doubtful Debts	—	2.50
Short term capital gain	43.29	—
Depreciation adjustment on account of difference in WDV as per Companies Act and Income tax Act	(2.16)	32.54
Other Adjustment	63.23	24.03
	104.35	59.07
Tax effect of amounts which are claimed in calculating taxable income :		
Expenses earlier disallowed u/s 43B now claimed on payment basis (Net)	612.24	710.68
Expenses (net) claimed u/s 35DDA	103.24	45.85
Profit / Loss on sale of Fixed assets	3.43	2.34
MSME Interest Adjustment	—	150.60
Provision Disallowed in earlier year claimed	17.35	11.52
Brought forwarded Unabsorbed Depreciation	—	53.95
Brought forwarded Business Loss Setoff	54.56	—
	790.82	974.94
Tax Expense provided for the year	43.30	500.00

Notes to Accounts (Contd.)

37 FAIR VALUE MEASUREMENTS

Financial instruments by category

The accounting classification of each category of financial instrument, their carrying amount and fair value are as follows :-

Particulars	(Amounts in INR Lakhs)			
	As at		As at	
	March 31, 2019		March 31, 2018	
	FVOCI	Fair Value	FVOCI	Fair Value
Financial assets				
Investments				
– Equity instruments	–	10.84	–	10.84
Trade Receivables	–	5.49	–	5.47
Cash and cash equivalents	–	268.23	–	1,654.69
Other Bank Balance	–	1.95	–	1.95
Security deposits	–	10.27	–	10.27
Receivable towards sale of CCP assets (Pursuant to Business Transfer Agreement)	–	190.79	–	208.74
Accrued Interest	–	–	–	4.52
Total financial assets	–	487.57	–	1,896.48
Financial liabilities				
Security deposits	–	151.59	–	230.84
Trade payables	–	1,477.31	–	1,743.31
Unclaimed Dividend	–	1.95	–	1.95
Others	–	2,425.40	–	3,033.02
Total financial liabilities	–	4,056.25	–	5,009.12

(a) Fair value

The fair value of the financial assets and liabilities approximates their carrying amounts as the Balance Sheet date.

(b) Fair valuation Techniques

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

The following method of assumption were used to estimate the fair values:

- The fair value of cash and cash equivalents, trade receivables, trade payables, current financial liabilities/ financial assets approximate their carrying amount largely due to the short term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair value
- A substantial portion of the Company's long-term debts has been contracted at fixed rate of interest. Fair value of variable interest borrowings approximates their carrying value subject to adjustments made for transaction cost.

Notes to Accounts (Contd.)

38 FINANCIAL RISK MANAGEMENT

The company's risk management is carried out by a treasury department under policies approved by the Board of Directors, Company Treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

(A) Market Risk

(i) Foreign currency risk

The Company does not operates internationally. The company does not have significant foreign currency exposure.

(ii) Interest rate risk

The company does not have borrowing as at 31st March 2019. As such there is no interest rate risk.

(iii) Price risk

The company does not have a practice of investing in market equity securities with a view to earn fair value changes gain. At the reporting date company does not hold quoted securities. Accordingly, company is not exposed to significant market price risk.

(B) Credit Risk

The Company is exposed to credit risk from its activities and from its financing activities including deposits with banks.

(C) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unexpectable losses.

39 CAPITAL MANAGEMENT - RISK MANAGEMENT

The company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

40 RELATED PARTY TRANSACTIONS

A. List of Related Parties

a. Subsidiary Company

Hindustan Motors Limited, U.S.A (HML,USA) (Dissolved on 16th February, 2017)

b. Key Management Personnel of the company and close member of Key Management Personnel of the company

- i) Mr. A. Sankaranarayanan, Director
- ii) Mr. Raj Kamal Johri, Director
- iii) Mr. Uttam Bose, Director
- iv) Smt. Mou Mukherjee, Director
- v) Mr. Bhikam Chand Mishra, Chief Financial Officer (Upto May 25, 2018)
- vi) Mr. Bhikam Chand Mishra, Chief Executive Officer (From May 26, 2018)
- vii) Mr. Mahesh Kumar Kejriwal, Chief Financial Officer (From May 26, 2018)
- viii) Miss Pratiba Sharma, Company Secretary

Notes to Accounts (Contd.)**B. Transactions with Related Parties for the year ended March 31, 2019**

Nature of Transactions	Subsidiary	(Amounts in INR Lakhs)	
		Key Management Personnel/ Relative of Key Management Personnel	
		2019	2018
EXPENSES :			
Salaries, Allowances, Provident fund and Others			
Miss Sanu Agarwal	—	—	1.52
Mr Asim Kumar Basu	—	—	41.83
Mr Bhikam Chand Mishra	—	31.94	23.70
Mr Mahesh Kumar Kejriwal	—	7.20	—
Miss Prativa Sharma	—	3.89	1.59

C. Outstanding Balances as on March 31, 2019

Nature of Transactions	Subsidiary	(Amounts in INR Lakhs)	
		Key Management Personnel/ Relative of Key Management Personnel	
		2019	2018
PAYABLES :			
For Goods & Services			
Hindustan Motors Limited, U.S.A (HML,USA) (Balance outstanding as at 15th February, 2017)	9.33	9.33	—
LOANS & ADVANCES AND RECEIVABLES :			
For Goods & Services			
Hindustan Motors Limited, U.S.A (HML,USA) (Balance outstanding as at 15th February, 2017)	5.47	5.47	—

41 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR

The company had contingent liabilities as at March 31, 2019 in respect of :

a) Claims against the Company pending appellate/judicial decisions not acknowledged as debts :

Particulars	(Amounts in INR Lakhs)	
	March 31, 2019	March 31, 2018
(a) Sales Tax	2970.33	5,830.22
(b) Service Tax	421.82	488.91
(c) Customs Duty	94.17	94.17
(d) Excise Duty	3646.01	3,671.01
(e) Others	1129.40	1,056.82

Notes to Accounts (Contd.)

The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the company. 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 INR 75.46 Lakhs (INR 78.38 Lakhs).

Included in the above are contingent liabilities to the extent of INR 886.41 (2017-INR 1187.20 Lakhs; 2016-INR 1187.20 Lakhs) relating to the pre transfer period of the erstwhile Power Unit Plant and Power Product Division of the Company, which were transferred to AVTEC Limited in June 2005, INR 502.21 (INR 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 INR 631.80 (INR 701.11 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 INR 667.29 Lakhs (INR 667.29 Lakhs) in case of erstwhile Power unit Plant are covered by counter guarantees by the customers.

- 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, as amended.

42 LEASES

Disclosure regarding leases as per IND AS -17 "Leases"

Finance Lease

As a lessee

In case of leasehold land, tenure of the lease is 99 years with effect from 23rd May, 1989. The lease will be renewed on mutually agreed terms on the expiry of current lease period.

The year wise break-up of the outstanding lease obligations as on March 31, 2019 in respect of these assets are as under

	(Amounts in INR Lakhs)	
<u>Particulars</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Assets taken on lease		
Total Minimum Lease Payments at the year end	48.82	49.53
Present value of Minimum Lease Payments	7.77	7.77
Not later than one year		
Minimum Lease Payments	0.71	0.71
Present value	0.64	0.64
Later than one year but not later than five years		
Minimum Lease Payments	2.83	2.84
Present value	2.04	2.04
Later than five years		
Minimum Lease Payments	45.28	45.98
Present value	5.09	5.09
Contingent rents recognized as an expense in the Statement of Profit and Loss for the year.	Nil	Nil
The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	Nil	Nil

Notes to Accounts (Contd.)

43 DESCRIPTION OF PLANS

i) Description of Plans

A. Defined benefit plans

a) Provident Fund

The company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and neither it has further contractual nor any constructive obligation.

b) Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.

B. Other Employee Benefits

Leave Encashment

The amount of the provision of INR 9.01 Lakhs (March 31, 2018 INR 11.47 Lakhs) is considered as current and the accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose.

ii) Movement of defined benefit obligation and fair value of plan assets :

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows :

(Amounts in INR Lakhs)

Particulars	Gratuity (Funded)			Leave Encashment (Unfunded)
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation
April 1, 2017	516.86	145.77	371.09	143.94
Current service cost	14.53	–	14.53	11.93
Interest expense/(income)	21.13	8.19	12.94	7.97
Actuarial (Gain) /Loss applicable				19.52
Total amount recognised in profit or loss	35.66	8.19	27.47	39.42
Remeasurements				
Loss due to experience	103.22	–	103.22	–
Loss due to change in financial assumptions	–	–	–	–
Return on plan assets (greater)/less than discount rate	–	12.93	(12.93)	–
Total amount recognised in other comprehensive income	103.22	12.93	90.29	–
Employer contributions	–	272.83	(272.83)	
Benefit payments	(282.71)	(282.71)	–	(75.27)
March 31, 2018	373.03	157.01	216.02	108.09
April 1, 2018				
Current service cost	16.88	–	16.88	10.44
Interest expense/(income)	19.19	11.77	7.42	7.05
Actuarial (Gain) /Loss applicable				(3.63)
Total amount recognised in profit or loss	36.07	11.77	24.30	13.86

Notes to Accounts (Contd.)

(Amounts in INR Lakhs)

Particulars	Gratuity (Funded)			Leave Encashment (Unfunded)
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation
Remeasurements				
Loss due to experience	154.55	–	154.55	–
Loss due to change in financial assumptions	–	–	–	–
Return on plan assets (greater)/less than discount rate	–	117.57	(117.57)	–
Total amount recognised in other comprehensive income	154.55	117.57	36.98	–
Employer contributions	–	100.39	(100.39)	
Benefit payments	(234.25)	(234.25)	–	(28.10)
March 31, 2019	329.40	152.49	176.91	93.85

The net liability disclosed above relates to funded and unfunded plan are as follows :

(Amounts in INR Lakhs)

Particulars	March 31, 2019	March 31, 2018
Present value of funded obligations	329.40	373.03
Fair value of plan assets	152.49	157.01
Deficit of funded plan	176.91	216.02
Unfunded plans	93.85	108.09
Deficit of Employee Benefit Plans	93.85	108.09

iii) Post-Employment benefits

The significant actuarial assumptions were as follows :

(Amounts in INR Lakhs)

Particulars	March 31, 2019	March 31, 2018
Discount Rate	7.50%	7.50%
Salary Growth Rate	1.00%	1.00%
Expected Return on Assets	7.50%	7.50%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Withdrawal Rate	1.00%	1.00%

Notes to Accounts (Contd.)

iv) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :

(Amounts in INR Lakhs)

Particulars	Change in assumption		Impact on defined benefit obligation			
			Increase by 0.50%		Decrease by 0.50%	
Particulars	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Gratuity						
Discount rate	0.50%	0.50%	320.02	362.01	339.18	384.55
Salary growth rate	0.50%	0.50%	339.71	385.17	319.45	361.34
Leave Encashment						
Discount rate	0.50%	0.50%	91.09	104.77	96.74	111.57
Salary growth rate	0.50%	0.50%	96.89	111.76	90.92	104.57

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method i.e. projected unit credit method has been applied as that used for calculating the defined benefit liability recognised in the balance sheet.

v) The major categories of plan assets are as follows :

Particulars	March 31, 2019		March 31, 2018	
	Unquoted	in %	Unquoted	in %
Investment funds with LIC of India *	152.49	100%	157.01	100%

*Gratuity trust pays contribution to LIC which in turn invests the amount in various instruments. As it is done by LIC in totality basis along with contributions from other participants, the Company wise investment in planned assets - category / class wise is not available.

vi) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below :

Description of Risk Exposers : Valuations are based on certain assumption which are dynamic in nature and vary overtime. As such Company is exposed to various risk as follows :

Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

Withdrawals : Actuals withdrawals providing higher or lower than assumed withdrawals can impact plan's liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plans liability.

vii) Defined benefit liability and employer contributions

Expected contribution to post employment benefit plan for the year ending March 31, 2019 is INR 347.42 Lakhs

Notes to Accounts (Contd.)

(INR 392.07 Lakhs)

The weighted average duration of the defined benefit obligation is 10 years in case of Gratuity and 10 years in case of Leave encashment in all the two years.

The expected maturity analysis of undiscounted gratuity and leave encashment is as follows :

(Amounts in INR Lakhs)

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Between 4 - 5 years	Beyond 5 years	Total
		Unquoted	in %	Unquoted	in %	Unquoted	in %
March 31, 2019							
Defined benefit obligation							
Gratuity	29.23	24.72	35.32	35.98	61.07	349.23	535.55
Leave encashment	9.34	8.98	9.87	13.23	16.09	119.06	176.57
Total	38.57	33.70	45.19	49.21	77.16	468.29	712.12
March 31, 2018							
Defined benefit obligation							
Gratuity	34.86	36.75	30.84	41.71	42.67	433.48	620.31
Leave encashment	11.89	10.79	12.22	13.26	17.31	155.59	221.06
Total	46.75	47.54	43.06	54.97	59.98	589.07	841.37

(Amounts in INR Lakhs)

Particulars	March 31, 2019	March 31, 2018
44 INCOME IN FOREIGN CURRENCY		
On sale of Ambassador Brand (Net of Exchange Fluctuation)	—	7896.58

Particulars	March 31, 2019	March 31, 2018
45 EARNINGS PER EQUITY SHARE		

a) Basic and diluted earnings per share :

Basic earnings per share	1.28	2.71
Diluted earnings per share	1.28	2.71

b) Reconciliation of earnings used in calculating earnings per share :

Particulars	March 31, 2019	March 31, 2018
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	2,671.37	5,657.88
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	2,671.37	5,657.88

c) Reconciliation of weighted average number of shares used as the denominator :

	Number of shares	Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	20,86,59,293	20,86,59,293
Adjustments for calculation of diluted earnings per share:	—	—
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	20,86,59,293	20,86,59,293

Notes to Accounts (Contd.)

46 SEGMENT REPORTING

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 IND AS 108 - "Operating Segments" is not applicable.

- 47 The operating results have been adversely affected due to adverse market conditions and the accumulated losses of the Company as at 31st March, 2019 stand at INR 16979.13 Lakhs as against the share capital of INR 10441.44 Lakhs. Also current liabilities as at 31st March, 2019 exceed current assets by INR 4983.40 Lakhs. The Company had also declared "Suspension of work" at its Uttarpara plant w.e.f. 24th May, 2014 & layoff at its Pithampur plant w.e.f. 4th December, 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 further rationalizing the expenses continuously reducing its liabilities and also considering the measures to generate additional revenue apart from revenue generated during the year. Accordingly, the Company continues to prepare its accounts on a "Going Concern" basis. The Auditors in their audit report for the year ended 31st March, 2019 had also given Emphasis of Matter on above.
- 48 Due to low productivity, growing indiscipline, shortage of funds and lack of demand of products, the management declared "Suspension of work" at Company's Uttarpara Plant with effect from 24th May 2014. The Company also declared layoff at its Pithampur plant with effect from 4th December, 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.
- 49 The wholly owned immaterial foreign subsidiary of the Company namely Hindustan Motors Limited, USA was already dissolved on 16th February, 2017 as per the laws applicable in USA as such not in existence since after dissolution. 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/payables) for which necessary provision has been made in the accounts of the Company, is under consideration.
- 50 Other Non-operating income includes INR 2700.27 Lakhs being the liability no longer required written back towards VAT / Sales Tax in dispute including interest thereon, on settlement of disputes under The West Bengal Sales Tax (Settlement of Disputes) Rules 1999.
- 51 a) Figures in brackets represent figures for the previous year.
b) Previous year's figures have been regrouped / rearranged wherever necessary.

As per our report of even date.

For **Ray & Ray**

Chartered Accountants

ICAI Firm's Registration Number: 301072E

Asish Kumar Mukhopadhyay

Partner

Membership No. 056359

Place : Kolkata

Date : May 29, 2019

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

Prativa Sharma
Company Secretary

A. Sankaranarayanan
Director

Bhikam Chand Mishra
Chief Executive Officer

Mahesh Kumar Kejriwal
Chief Financial Officer

Uttam Bose
Director

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HINDUSTAN MOTORS LIMITED

CIN : L34103WB1942PLC018967

PROXY FORM

Regd. Office: "Birla Building", 13th Floor, 9/1, R. N. Mukherjee Road, Kolkata - 700 001

T : +91 033 22420932 (D) | T : +91 033 40823700 | T : +91 033 22200600 | F : +91 033 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 **77th Annual General Meeting** of the Company held on **Wednesday, the 18th day of September, 2019 at 2.00 p.m.** at **Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020** and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution Number	Description
Ordinary Business	
1.	Adoption of 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, 2019.
2.	Appointment of Shri A. Sankaranarayanan (DIN-00385632) who retires by rotation and being eligible offers himself for re-appointment.
3.	Re-appointment of Messrs. Ray & Ray, Chartered Accountants (Registration No.301072E) as Auditors of the Company.
Special Business	
4.	Re-appointment of Shri Raj Kamal Johri as an Independent Director of the Company.
5.	Continuation of Mr. A Sankaranarayanan (DIN:00385632), who has already attained the age of 75 years as a Non-Executive Director of the Company.

Signed this day of 2019

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", 13th Floor, 9/1, R. N. Mukherjee Road, Kolkata - 700 001

T : +91 33 22420932 | T : +91 33 40823700 | T : +91 33 22200600 | 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 **77th Annual General Meeting** of the Company held on Wednesday, the 18th day of September, 2019 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", 13th Floor
9/1, R. N. Mukherjee Road, Kolkata 700 001