

ANNUAL REPORT 2015-2016



HINDUSTHAN URBAN INFRASTRUCTURE LIMITED

(An enterprise of THE HINDUSTHAN GROUP)



HINDUSTHAN URBAN INFRASTRUCTURE LTD

DIRECTORS

Mr. Rajendra Prasad Mody	Chairman
Mr. Vikram Aditya Mody	Director
Mr. Shyam Sunder Bhuwania	Vice Chairman and Managing Director
Mr. Vivek Dayaram Kohli	Whole Time Director
Mr. Ramawatar Joshi	Independent Director
Mr. Ratan Lal Nangalia	Independent Director
Mr. Mool Chand Gauba	Independent Director
Ms. Suman Lata Saraswat	Independent Director

KEY MANAGERIAL PERSONNEL (KMP)

Mr. M.L. Birmiwala	Sr. V.P-Finance & Secretary
Mr. Anil Kumar Chandani	Chief Financial Officer

STATUTORY AUDITORS

M/s. K.M. Agarwal & Co., Chartered Accountants

BANKERS

Canara Bank
State Bank of India

REGISTERED OFFICE

'Kanchenjunga' (7th Floor)
18, Barakhamba Road,
New Delhi -110001.

WORKS

Bhubaneswar	(Odisha)
Guwahati	(Assam)
Gwalior	(Madhya Pradesh)
Mandideep	(Madhya Pradesh)

LISTING OF EQUITY SHARES

BSE Limited

REGISTRAR & SHARE TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.
D-153/A, 1st Floor,
Okhla Industrial Area, Phase-1,
New Delhi - 110020.

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BOARDS' REPORT

To
The Shareholders,
Your Directors present their Fifty Sixth Annual Report and Audited Accounts of the Company for the year ended 31.03.2016.
The operating results of the company for the year are as follows:

	(₹ in Thousand)	
	2015-16	2014-15
The profit for the year after meeting all expenses but before providing for Gratuity, Depreciation, Taxation and extra-ordinary income is :	1,49,241	1,53,959
from which have to be deducted		
Gratuity according to statutory requirement	9,160	13,381
Depreciation for the current year	1,30,350	91,744
Provision for Taxation	(6195)	21,171
Provision for Dividend	1,443	1,443
Tax on Dividend	294	294
Leaving a balance of	14,189	25,926
To which have to be added:		
The balance brought forward from the previous year	1,924	-
Making a total of	16,113	25,926
Out of which transferred to General Reserve	-	24,002
Leaving a balance to be carried forward to next year's account	2113	1,924

State of Affairs & Operations

During the year under review, the gross revenue of the company has decreased to ₹ 755.84 Crores as compared to ₹ 841.92 Crores in 2014-15. The profit before depreciation has marginally decreased from ₹ 1405.78 Lacs to ₹ 1400.81 Lacs.

Consolidated financials

In the Financial Year 2015-16, income from operations was ₹ 756.99 crores, as compared to ₹ 837.77 Crores in the previous year 2014-15. The profit before depreciation has marginally decreased from ₹ 1331.75 Lacs to ₹ 1299.98 Lacs.

Revenue from wholly owned subsidiary i.e, Hindusthan Speciality Chemicals Limited was ₹ 566.43 Lacs and net profit (loss) after tax was ₹ (178.97) Lacs.

Your Directors are pleased to inform that the Commercial production for manufacturing activities of aluminum wire rod and conductors at Khurda, near Bhubaneswar in the state of Odisha were commenced during the year.

In view of weak and sluggish real estate market globally, plans to develop Company's land at Bangalore into residential apartments were kept on hold.

The operations of Conductors at Faridabad works have become uneconomical because of locational disadvantages and as such production of Conductors has been discontinued during the year under review.

The availability of our prime raw material for conductor division i.e. aluminum remained satisfactory. Although there were fluctuations of prices of aluminum in the domestic as well as International markets. It did not affect the margins as there were price variation clause in orders.

The availability of power was comfortable except Mandideep Works. The company has been able to keep the factories running with the help of captive power generating capacity.

There has been slow down in the issue of new tenders by Power utilities during the year which has been picked up recently. Efforts are being made to secure more orders by participating in larger number of tenders.

During the year the company executed export orders (including sale under global tenders in India) worth ₹ 8896.35 lacs approximately as compared to ₹ 37427.11 lacs during the financial year 2014-15. However, physical export rose to ₹ 4982.43 lacs from ₹ 746.89 lacs in 2014-15. We are continuously striving to increase our export order book and add more markets.

Dividend

Your Directors have recommended a dividend of ₹ 1.00 per equity share for the financial year ended 31st March, 2016 amounting to ₹ 17,36,622/- (inclusive of tax of ₹ 2,93,737/-). The dividend payout is subjected to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to members whose names appear in the Register of Members as on 16th September, 2016 in respect of shares held in dematerialised and physical form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

DIRECTORS' REPORT (Contd.)

Wholly Owned Subsidiary Companies

The Company has a material wholly owned subsidiary, Hindusthan Speciality Chemicals Limited and two non-material wholly owned subsidiary companies, Hindusthan Vidyut Products Limited and Hindusthan Projects Limited.

Hindusthan Speciality Chemicals Limited (HSCL), wholly owned subsidiary company has taken further steps to set up its state of the art green field manufacturing facility of Epoxy Resin and formulated products at Jhagadia, Distt. Bharuch, Gujarat. Approval for Environment clearance, consent to establish from Gujarat Pollution Control Board, Directorate of Industrial Safety and Health, Chief Controller of Explosives, Petroleum and Explosives Safety Organization and others have been obtained with respect to the project. Financial tie-up for the project have been firming up with consortium of Banks for a total loan amount of ₹ 172.80 Crores. The plant is targeted to start commercial production by October, 2017. The company has commenced their R&D cum formulation facility in a pilot plant at Taloja since August, 2015. The company has also started marketing activities in its own brand, with the support of its innovative technology partners. Further, for the financial year 2016-2017 the company has targeted to scale up the business volume and serve quality products to its clients. HSCL's quality lab is equipped with instruments which will facilitate to achieve excellence in monitoring both incoming raw materials and outgoing value added products. The company quality team is comprised of qualified and experienced personnel who are competent to test the products for their right application. A sum of ₹ 55.08 Crores have been paid till 31st March, 2016 by way of equity capital by your Company to Hindusthan Speciality Chemicals Limited.

Hindusthan Vidyut Products Limited, a wholly owned non material subsidiary company has not commenced any commercial activity during the year.

During the year under review, **Hindusthan Projects Limited** a non-material wholly owned subsidiary company was incorporated on 04.11.2015, which is not carrying on any operations presently.

There has been no change in relationship of any subsidiary company during the year.

A report on the performance and financial position of each of the subsidiaries as per the Companies Act, 2013 is provided in the consolidated financial statement and hence not repeated here for the sake of brevity. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link i.e, http://www.hindusthanurban.com/pdf/policy/Policy%20for%20determining%20material%20subsidiaries_HUIL.PDF

Consolidated Financial Statement

The consolidated financial statements prepared in accordance with the Companies Act, 2013 and Accounting Standard (AS) - 21 are attached with the Annual Report.

Management Discussion and Analysis Report

As required under regulation 34 of the Listing Regulations with Stock Exchange, the Management Discussion and Analysis Report is enclosed as a part of this report.

Corporate Governance

As a responsible corporate citizen, the Company is committed to maintain the highest standards of Corporate Governance and believes in adhering to the best corporate practices prevalent globally.

The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this Report. The requisite certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

The Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2016. A certificate from the Vice Chairman & Managing Director confirming the same is attached to the Corporate Governance Report.

A certificate from the CEO and CFO confirming correctness of the financial statements, adequacy of internal control measures, etc. is also attached to the Corporate Governance Report.

Directors Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) The selected accounting policies have been applied consistently and the judgments and estimates made 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 profit of the company for that period;
- c) Proper and sufficient care has been taken for the 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 fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis;
- e) Internal Financial Controls laid down in the company are adequate and were operating effectively.

DIRECTORS' REPORT (Contd.)

- f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

Directors and Key Managerial Personnel

Changes in Board of Directors and other Key Managerial Personnel

Mr. Om Prakash Shroff and Mr. Subhash Madan resigned from the Board due to their pre-occupations w.e.f. June 15, 2015 and February 29, 2016 respectively. The Board of Directors placed on record its appreciation for the valuable advice and guidance provided by Mr. Om Prakash Shroff and Mr. Subhash Madan during their long and fruitful association with the Company.

During the year under review, the Nomination and Remuneration Committee recommended the appointment of Mr. Ratan Lal Nangalia as director. Accordingly, the Board appointed Mr. Ratan Lal Nangalia as director in casual vacancy in place of Mr. Om Prakash Shroff.

The Nomination and Remuneration Committee considered and recommended the appointment of Mr. Vivek Dayaram Kohli as whole time director of the Company. The Board, after discussions, appointed Mr. Vivek Dayaram Kohli as Whole time Director with effect from April 1, 2016 for a term of three years subject to the approval of the shareholders in ensuing annual general meeting of the Company.

The Company has received notice with requisite deposit of ₹ 1,00,000/- from a shareholder for the candidature of Mr. Vivek Dayaram Kohli in the capacity of director of the Company. The Board recommends the appointment of Mr. Vivek Dayaram Kohli as Whole time Director.

During the year under review, Mr. Deepak Kejriwal was redesignated as Chief Operating Officer-Conductor w.e.f. April 01, 2016 and therefore, he ceased to act as the Chief Financial Officer.

On the recommendation of Nomination and Remuneration Committee and Audit Committee, Mr. Anil Kumar Chandani was appointed as Chief Financial Officer in the category of key Managerial Personnel as per the provisions of the Companies Act, 2013 w.e.f. from 01.04.2016.

Your company is in full compliance of Listing regulations and the Companies Act, 2013 with regard to the composition of Board of Directors.

Retirement by rotation

Mr. Vikram Aditya Mody will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment. The Board recommends his re-appointment as Director.

Board Meetings

Six meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance of this Annual Report.

Audit Committee

As on date, the Audit committee comprises of Mr. Mool Chand Gauba, Chairman, Ms. Suman Lata Saraswat and Mr. Shyam Sunder Bhuwania. The Board has accepted all the recommendations made by the Audit Committee.

Declaration of Independent Directors

The Company has four independent directors namely Mr. Ramawatar Joshi, Mr. Ratan Lal Nangalia, Mr. Mool Chand Gauba and Ms. Suman Lata Saraswat. All the directors are professionally qualified and possess appropriate balance of skills, expertise and knowledge and are qualified for appointment as Independent Director.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing regulations.

Auditors

i) Statutory Auditors

M/s. K. M. Agarwal & Co., Chartered Accountants (Firm Registration No. 853N) were appointed as statutory auditors of the company at the last Annual General Meeting held on 21.09.2015 upto fifty eighth Annual General Meeting subject to ratification by members at every subsequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing Annual General Meeting.

There are no qualification, reservation, or adverse remarks or disclaimer in the Auditors Report to the members on the Annual Financial Statements for the year ended 31.03.2016.

ii) Branch Auditors

M/s. Rajratan & Co., Chartered Accountants (Firm Registration No. 307101E) were appointed as branch auditors of the company at the last Annual General Meeting held on 21.09.2015 upto fifty eighth Annual General Meeting subject to ratification by members at every subsequent Annual General Meeting. Therefore, ratification of appointment of Branch Auditors is being sought from the members of the Company at the ensuing Annual General Meeting.

DIRECTORS' REPORT (Contd.)

There are no qualification, reservation, or adverse remarks or disclaimer in the Auditors Report to the members on the Annual Financial Statements for the year ended 31.03.2016.

iii) Cost Auditors

M/s. J.K Kabra & Co., Cost Accountants were appointed as Cost Auditors for auditing the cost accounting records of our Company for the year ended 31st March, 2016 by the Board of Directors, the report for which is under preparation and will be filed in due course. The Cost Audit Report for the year 2014-15 has been filed under XBRL mode within the due date of filing.

iv) Secretarial Auditor

The Board has appointed Mr. Amit Kumar, Company Secretary in practice to conduct the Secretarial Audit for the financial year 2016-17.

The Secretarial Audit Report for the financial year ended 31.03.2016 is annexed herewith marked as **Annexure-A** to this report. The report does not contain any qualification, reservation and adverse remark.

The Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) (together referred to as the Secretarial Standards), as approved by the Central Government, have been issued by the Institute of Company Secretaries of India (ICSI) under the provisions of Section 118(10) of the Companies Act, 2013 (the Act), vide ICSI Notification No. 1 (SS) of 2015 dated 23rd April, 2015 and published in the Gazette of India Extraordinary Part III-Section 4. These Secretarial Standards came into force w.e.f. 1st July, 2015.

The Company is adhering both standards from 1st July, 2015.

v) Internal Auditors

M/s. M.L Garg & Co., Chartered Accountants performs the duties of Internal Auditors of the Company and their report are reviewed by the Audit committee from time to time.

As per the recommendations of Audit committee, M/s. M.L Garg & Co., Chartered Accountants were re-appointed as internal auditors for the financial year 2016-17.

Share Capital

The Authorised share Capital of the Company is ₹ 2,50,00,000/- divided into 25,00,000 equity shares of ₹ 10/- each. The paid up Equity Share Capital as on 31.03.2016 was ₹ 1,44,28,850/-.

During the year under review the company has not issued any share capital with differential voting rights, sweat equity or ESOP nor provided any money to the employees or trusts for purchase of its own shares.

Listing with Stock Exchange

In view of de-recognition of Delhi Stock Exchange, the Company received a communication from DSE that the Company neither need to comply the provisions of listing agreement nor required to pay annual listing fee. During the year, the Company, in order to provide liquidity to the shareholders of the Company and in compliance with the SEBI guidelines/circulars applied for direct listing of equity shares to BSE Limited (BSE).

BSE Limited provided its in-principle approval for listing of equity shares of the Company.

The listing fees will be paid upon approval of listing by BSE.

Annual Custody/Issuer fee has been paid to NSDL and CDSL, the depositories where the shares of the company are dematerialized.

Material changes and commitments

No material changes or commitments have occurred between the end of the financial year to which the financial statements relate and the date of this report, affecting the financial position of the Company.

Annual Evaluation of Board and Directors

As required under the Companies Act, 2013 and the Listing Regulations, an evaluation of the performance of the Independent Directors was carried out by the Board of Directors during the year, based on the criteria laid down by the Nomination and Remuneration Committee. On an overall assessment, it was found that all the Independent Directors have given a good account of themselves. The Board concluded that the Independent Directors individually and collectively were well qualified and their contributions were in the interest of the Company.

The Independent Directors in a separate meeting held on 28.03.2016 reviewed and evaluated the performance of Non-Independent Directors, Board as a whole and the performance of the Chairman of the Company.

Keeping the requirements under the Act and the Listing Regulations, the Independent Directors laid down broad areas for evaluation. After detailed discussion, it was concluded that the performance of the Board collectively and the Directors individually on all counts of evaluation were appreciable.

The performance of the Chairman and other Executive Directors was evaluated by Independent Directors for leadership and direction to the Company judging as per the parameters of the evaluation criteria and it was noted that their performance was satisfactory. It was further noted that the Chairman took proper initiative in policy decisions making with the senior executives and Board.

DIRECTORS' REPORT (Contd.)

The Board carried out the performance evaluation of its committees.

Directors Appointment and Remuneration

Appointment of Directors on the Board of the Company is based on the recommendations of the Nomination and Remuneration Committee. The committee identifies and recommends to the Board, persons for appointment on the Board, after considering the necessary and desirable competencies. The committee takes into account positive attributes like integrity, maturity, judgement, leadership position, time and willingness, financial acumen, management experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, etc.

In case of Independent Directors (IDs) they should fulfill the criteria of independence as per the Act and Regulation 16 of the Listing Regulations in addition to the general criteria stated above. It is ensured that a person to be appointed as director has not suffered any disqualification under the Act or any other law to hold such an office.

The Directors of the Company are paid remuneration as per the Remuneration Policy of the Company, the gist of which is given under the heading 'Remuneration Policy' herein below. The details of remuneration paid to the directors during the year 2015-16 are given in Form MGT-9 annexed hereto.

Remuneration Policy

The Company has a Remuneration Policy relating to remuneration of the Directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company. The Remuneration Policy is in accordance with Section 178 of the Act and the Rules made thereunder. The salient features of the Policy are given below:

i. Guiding principle

The guiding principle of the Policy is that the remuneration and other terms of employment should effectively help in attracting and retaining committed and competent personnel.

ii. Directors

Non-executive directors are paid remuneration in the form of sitting fees for attending Board/ Committee meetings as fixed by the Board from time to time subject to statutory provisions. Presently, sitting fee is ₹10,000/- per Board meeting and Committee meeting.

Remuneration of Managing Director is fixed by the Board of Directors on the recommendation of the Nomination and Remuneration Committee, subject to the approval of the shareholders and other authorities, if required. The Nomination and Remuneration Committee, while recommending the remuneration, takes into account pay and employment conditions in the industry, merit and seniority of the person and paying capacity of the Company. The remuneration which comprises of salary, perquisites, performance based reward and retirement benefits as per Company Rules is subject to the limits laid down under the Act.

iii. Key Managerial Personnel (KMP)

Appointment and cessation of service of KMP are subject to the approval of the Nomination and Remuneration Committee and Board of Directors.

iv. Other employees

The remuneration of other employees is fixed from time to time as per the guiding principle laid down in the Remuneration Policy and considering industry standards and cost of living. In addition to salary, they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable.

The Remuneration Policy of the Company is available on its website.

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

Information required under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in the **Annexure-B** to this report.

Compliance Certificate of the Auditors

Certificate from the Company's Auditors, M/s. K. M. Agarwal & Co., confirming compliance with conditions of Corporate Governance as stipulated in para D of Schedule V to the Listing Regulations, is attached to this Report.

Corporate Social Responsibility (CSR)

The Company has a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company which was duly approved by the Board. CSR Committee of the Board has developed a CSR Policy the salient feature of which are given as part of this report as **Annexure-C**. Additionally The CSR Policy may be accessed on the Company's website at the link: http://www.hindusthanurban.com/pdf/policy/HUIL_CSR%20Policy.pdf

Internal Control System and their Adequacy

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable

DIRECTORS' REPORT (Contd.)

Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company. The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

Investor Services

The Company values its investors immensely. With a view to keep its investors well informed of its activities, the Company has taken the following initiatives:

- Maintaining user friendly investor section on the website of the Company i.e, www.hindusthanurban.com
- A dedicated email id viz, investors@thehindusthangroup.co.in for interacting on various matters with respect to share transfer, transmission, dividends and other related issues with the Company Secretary and Compliance officer.

Vigil Mechanism

In pursuance of the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link:

http://www.hindusthanurban.com/pdf/policy/HUIL_Whistle%20Blower%20Policy.pdf

Related Party Transactions

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. All related party transactions were approved by the Audit Committee and the Board. The relevant information regarding related party transactions has been set out in Note no. 32 of the Standalone Financial Statement for the financial year ended 31.03.2016.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.hindusthanurban.com/pdf/policy/HUIL_RPT%20Policy.pdf

Significant Material Orders Passed by Regulators or Courts or Tribunals

No significant orders have been passed by any Regulators, Courts or Tribunals impacting the going concern status and Company's operations in future.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure-D**.

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Particulars of Contracts or arrangement with related parties

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Such Related Party Transactions which are proposed to be entered during the financial year are placed before the Audit Committee and the Board for approval. Prior omnibus approval of the Audit Committee is obtained on annual basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee for its review on a quarterly basis.

The Company has formulated a policy for transacting with Related Parties, which is uploaded on the website of the Company (http://www.hindusthanurban.com/pdf/policy/HUIL_RPT%20Policy.pdf). Transactions with the related parties are disclosed in Notes to the financial statements in the Annual Report. The disclosure in Form AOC-2 is attached as **Annexure-E**.

Development and Implementation of a Risk Management Policy

The Company has a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces. The Company has been addressing various risks impacting the Company and the policy of the Company on risk management is provided elsewhere in this Annual Report in Management Discussion and Analysis.

Public Deposits

The Company has not accepted any deposits covered under Chapter V from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

DIRECTORS' REPORT (Contd.)

Anti-Sexual Harassment Policy

Pursuant to the "Sexual Harassment" of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company constituted Internal Complaints Committee at all its workplaces. There has not been any instance of complaint reported in this regard to any of the Committee.

Personnel

Particulars of Directors and Employees, as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in **Annexure-F** and form part of this Report.

For and on behalf of the Board of Directors

Place : New Delhi
Date : May 23, 2016

Sd/-
Rajendra Prasad Mody
Chairman
(DIN: 00140503)

Form MR-3
SECRETARIAL AUDIT REPORT

CIN	L31300DL1959PLC003141
AUTHORISED CAPITAL	₹ 2,50,00,000/-
PAID UP CAPITAL	₹ 1,44,28,850/-

To,
The Members
HINDUSTHAN URBAN INFRASTRUCTURE LIMITED
7TH Floor, Kachenjunga,
18, Barakhamba Road
New Delhi-110001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HINDUSTHAN URBAN INFRASTRUCTURE LIMITED** (“the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reported 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 March 31, 2016 according to the provisions of –

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made under that Act;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI); NA
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; NA
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; NA
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; NA
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; NA and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; NA
- (vi) Industrial Disputes Act, Factories Act, 1947, Payment of Bonus Act, 1965, Minimum Wages Act, 1948, Payment of Gratuity Act, 1972, Workmen’s Compensation Act, 1923, Employees’ State Insurance Act, 1948, Employees’ Provident Fund & Misc. Provo Act, 1952, Boilers Act, 1923, Employer’s Liability Act, 1938 and all other Labour Laws, Rules and Regulations applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Company has filed an application for listing of shares with BSE Ltd. under direct listing route citing reasons that Delhi Stock Exchange, after its de-recognition, shifted the company to the dissemination Board of BSE Ltd.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that:

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that:

1. During the audit period; the company has passed special resolution under section 196 of the Companies Act, 2013 on 7th day of December, 2015 and has re-appointed Mr. Shyam Sunder Bhawania, as Vice Chairman cum Managing Director for a term of three years. The appointment and remuneration payable to him is within the purview of provisions of the Companies Act, 2013 read with Schedule-V.
2. During the audit period, the company has executed Corporate Guarantee on behalf of its wholly owned subsidiary company i.e. Hindusthan Specialty Chemicals Limited (HSCL), amounting ₹172.80 Crores (One Hundred Seventy Two Crores and Eighty Lacs) as a security for term loan vide board resolution dated January 27, 2016.

**For AMIT KUMAR
Company Secretaries**

Sd/-
**Amit Kumar
Proprietor
FCS-5917
CP-6184**

Place : New Delhi
Date : 29.04.2016

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

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

I. Conservation of Energy**(a) Energy Conservation measures taken.**

- (i) Installation of Solar System
- (ii) Variable frequency drive on 37 stranding Machine

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.

No specific additional investment proposals being implemented

(c) Total energy consumption and energy consumption per unit of production of energy consumption and consequent impact on the cost of production of goods.

Nil

(d) Total Energy consumption and energy consumption per unit of production as per Form-A in respect of industries specified in the Schedule thereto. – Not applicable**II. Technology Absorption****1. Research & Development (R&D)**

- (a) Specific areas in which R&D carried out by the Company. - Nil
- (b) Benefit derived as a result of the above R&D. - Nil
- (c) Future Plan of action - Nil
- (d) Expenditure on R&D
 - i) Capital
 - ii) Recurring
 - iii) Total
 - iv) Total R&D expenditure as a Percentage of total, turnover

} Negligible

2. Technology absorption, adaptation and innovation.

- (a) Efforts, in brief, made towards technology absorption, adaptation and innovation - Nil
- (b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. - Nil
- (c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). Not applicable

Technology Imported	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof, and future plans of action.
Not Applicable			

III. Foreign Exchange Earning and outgo**(a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.**

The company has been able to export its products for ₹ 88.96 Crores (including sale under global tender in India) during the year owing to lesser global tenders for deemed export i.e. for supplies in India. However, physical exports rose to ₹ 4982.43 lacs from ₹ 746.89 lacs in 2014-15. Steps are being taken to secure more business for supply of company's products to global markets. Efforts are also being made not only to retain existing customers but to increase the export by introducing new buyers. The company has successfully completed supply of first HTLS order received from South Africa and part quantity has been used by the ultimate client and line is energized successfully. Company also received orders for supplies to European, USA, Asian and African Countries. Efforts are being made for repeat order of HTLS conductor and to penetrate in South American market. Also efforts are made for incremental export of HTLS conductors to Europe, Africa and American markets.

(b) Total Foreign Exchange used and earned (₹ In Lacs)

Used : ₹ 2,882.09
 Earned : ₹ 8,910.06

Annual Report on Corporate Social Responsibility activities - financial year 2015-16.

Company constituted Corporate Social Responsibility Committee (CSR) pursuant to provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 details thereof are provided herein below:

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The CSR Policy of the Company sets the framework guiding the Company's CSR activities. It outlines the governance structure, operating framework, monitoring mechanism, and CSR activities that would be undertaken. CSR activities are largely focused in the areas of education, poverty and protection of animals and other activities as the company may choose to select in fulfilling its CSR objectives. The CSR Policy was approved by the Committee in July 2014, and subsequently was put up on the Company's website. http://www.hindusthanurban.com/pdf/policy/HUIL_CSR%20Policy.pdf
2.	The Composition of the CSR Committee.	Mr. Shyam Sunder Bhuwania - Chairman Mr. Ramawatar Joshi - Member Mr. Mool Chand Gauba - Member
3.	Average net profit of the company for last three financial years.	₹ 1,105.73 Lakhs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above). Last unspent amount: Total amount to be spent in 2015-16:	₹ 22.12 Lakhs ₹ 0.83 Lakhs ₹ 22.95 Lakhs
5.	Details of CSR spent during the financial year 2015-16: (a) Total amount to be spent for the financial year 2015-16 (b) Amount unspent , if any	₹ 22.95 Lakhs ₹ 2.10 Lakhs

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1.	Rural Development	Rural Development	Khurda, Odisha	₹ 2.60 lacs	₹ 0.50 lacs	₹ 0.50 lacs	Directly
2.	Eradication hunger, Poverty & malnutrition	Eradication of Poverty	(i) Jaipur, Rajasthan (ii) Guwahati, Assam	₹ 1.45 lacs	₹ 1.45 lacs	₹ 1.45 lacs	₹ 0.50 lacs – Directly, ₹ .95 lacs Society for welfare of Mentally Handicapped (Implementing Agency)
3.	Promoting Education	Promoting Education	(i) Laxmangarh, Rajasthan (ii) Guwahati, Assam (iii) Khurda, Odisha	₹ 18.90 lacs	₹ 18.90 lacs	₹ 18.90 lacs	₹ 15.00 lacs - Modi Education foundation, Laxmangarh (Implementing Agency) & ₹ 3.89 lacs - Directly
			TOTAL	₹ 22.95 Lacs	₹ 20.85 Lacs	₹ 20.85 Lacs	

Sd/-

Shyam Sunder Bhuwania
Vice Chairman and Managing Director

EXTRACT OF ANNUAL RETURN

Form No. MGT-9

(Pursuant to section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014)**Financial year ended on 31.03.2016****I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L31300DL1959PLC003141
ii.	Registration Date	17-10-1959
iii.	Name of the Company	Hindusthan Urban Infrastructure Limited
iv.	Category/Sub-Category of the Company	Company having share capital
v.	Address of the Registered office and contact details	Kanchenjunga, 7 th Floor, 18, Barakhamba Road, New Delhi – 110001 Ph: 23310001
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Skyline Financial Services Private Limited D-153/A, 1st Floor, Okhla Industrial Area, Phase-I New Delhi-110020 Phone: 011-26812682-83 / 64732681-88 Email - admin@skylinerta.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

S. No.	Name and Description of main products/ services	NIC Code of the Product/ service*	% to total turnover of the company
1.	Conductors	261 - Manufacture of electronic components	73.99
2.	Insulators	239 - Manufacture of non-metallic mineral products	25.60
3.	Power Generation	351 - Electric power generation, transmission and distribution	0.41

* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name	Address of Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	Hindusthan Speciality Chemicals Limited	Kanchenjunga, 7th Floor, 18 Barakhamba Road, New Delhi – 110001	U29120DL2003PLC242852	Subsidiary (Wholly Owned)	100%	2(87)(ii)
2.	Hindusthan Vidyut Products Limited	Kanchenjunga, 7th Floor, 18 Barakhamba Road, New Delhi - 110001	U28990DL2014PLC270231	Subsidiary (Wholly Owned)	100%	2(87)(ii)
3.	Hindusthan Projects Limited	Kanchenjunga, 7th Floor, 18 Barakhamba Road, New Delhi - 110001	U70200DL2015PLC287078	Subsidiary (Wholly Owned)	100%	2(87)(ii)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Shareholding of Promoter and Promoter Group									
(1) Indian									
a) Individual/ HUF	0	500	500	0.03	700	0	700	0.05	0.02
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt. (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporates	1076545	0	1076545	74.61	1076545	0	1076545	74.61	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):-	1076545	500	1077045	74.64	1077245	0	1077245	74.66	0.02
(2) Foreign	0	0	0	0	0	0	0	0	0
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0
h) Other-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other	0	0	0	0	0	0	0	0	0
Sub Total (A)(2):-	0	0	0	0	0	0	0	0	0
Sub Total (A)(1) + (A)(2):-	1076545	500	1077045	74.64	1077245	0	1077245	74.66	0.02
A. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	600	600	0.04	0	600	600	0.04	0
c) Central Govt.(s)	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	5000	0	5000	0.35	5000	0	5000	0.35	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub Total (B)(1)	5000	600	5600	0.39	5000	600	5600	0.39	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies Corporates	47616	2420	50036	3.47	43511	2420	45931	3.18	(0.29)
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	116125	41152	157277	10.90	126980	41102	168082	11.65	0.75
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	114613	38314	152927	10.60	107713	38314	146027	10.12	(0.48)
c) Others(Specify)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(2)	278354	81886	360240	24.97	278204	81836	360040	24.95	0.02
Total Public Shareholding (B)=(B)(1)+ (B)(2)	283354	82486	365840	25.36	283204	82436	365640	25.34	0.02
Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	1359899	82986	1442885	100	1360449	82436	1442885	100	0

(ii) Shareholding of Promoters :

S. No.	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumber red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumber red to total shares	
1.	Hindusthan Consultancy & Services Limited	708825	49.13	0	708825	49.13	0	0
2.	Promain Limited	117900	8.17	0	117900	8.17	0	0
3.	Carbo Industrial Holdings Limited	132820	9.21	0	132820	9.21	0	0
4.	Hindusthan Business Corporation Limited	47000	3.26	0	47000	3.26	0	0
5.	Pradyumna Steel Limited	70000	4.85	0	70000	4.85	0	0
6.	Rajendra Prasad Mody	500	0.03	0	500	0.03	0	0
7.	Raghavendra Anant Mody	0	0	0	200	0.01	0	0.01
	Total	1077045	74.65	0	1077245	74.66	0	0.01

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

S. 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.	At the beginning of the year	1077045			
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	200 (August 2015)			
3.	At the end of the year	1077245			

(iv) Shareholding pattern of top ten Shareholders

(Other than Directors, Promoters & Holders of GDRs & ADRs)

S. No.	Name of the shareholder	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Ritika Gupta *	49713	3.45	64513	4.47
2.	3A Capital Services Limited *	23670	1.64	23670	1.64
3.	Ramaben Bhagubhai Patel *	21314	1.48	21314	1.48
4.	Paresh Chimanlal Shah HUF *	19000	1.32	19000	1.32
5.	Mahendra Girdharilal *	16460	1.14	16460	1.14
6.	Pinakin Chimanlal Shah HUF *	12520	0.87	12520	0.87
7.	Dolly Behram Aryana *	12220	0.85	12220	0.85
8.	Nita M. Patel *	21700	1.50	8700	0.60
9.	Bhagubhai & Madhav Patel HUF *	6100	0.42	6100	0.42
10.	The Oriental Insurance Company Limited*	5000	0.35	5000	0.35
11.	C Mackertich Limited*	5000	0.35	5000	0.35

Note:

* Common top 10 shareholders as on 01.04.2015 and 31.03.2016

(v) Shareholding of directors and Key Managerial Personnel:

S. No.	For each of the Director & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shareholding of Key Managerial Personnel At the beginning of the year At the end of the year	None of the KMP hold shares in the company			
2.	Shareholding of Directors Mr. Shyam Sunder Bhuwania At the beginning of the year At the end of the year	70 70	0.004 0.004	70 70	0.004 0.004

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2015)				
i) Principal Amount	1,35,96,11,469	53,05,69,164	NIL	1,54,08,50,350
ii) Interest due but not paid	NIL	NIL	NA	NIL
iii) Interest accrued but not paid	9,57,60,304	NIL	NA	55,49,939
Total (i + ii + iii)	1,45,53,71,773	53,05,69,164	NIL	1,54,64,00,289
Change in Indebtedness during the financial year (Principal Amount)				
- Addition	33,96,50,825	10,61,46,960	NIL	44,57,97,785
- (Reduction)	(5,09,95,321)		NIL	(5,09,95,321)
Net Change	28,86,55,504	10,61,46,960	NIL	39,48,02,464
Indebtedness at the end of the financial year (31.03.2016)				
i) Principal Amount	158,67,93,124	63,67,16,124	NIL	222,35,09,248
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1,57,234,153	NIL	NIL	15,72,34,153
Total (i + ii + iii)	174,40,27,277	63,67,16,124	NIL	238,07,43,401

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A) Remuneration to Managing Director, Whole-time Directors and/or Manager**

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Shyam Sunder Bhuwania, Vice Chairman & Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,16,000	20,16,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	99,72,000	99,72,000
	(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	-	-
	Total (A)	1,19,88,000	1,19,88,000

B. Remuneration to other directors:

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mr. Rajendra Prasad Mody	Mr. Vikram Aditya Mody	Mr. Subhash Madan	Mr. Om Prakash Shroff	Ms. Suman Lata Saraswat	Mr Ramawatar Joshi	Mr Ratanlal Nangalia	Mr. Mool Chand Gauba	
1.	Independent Directors									
	- Fee for attending Board / Committee meetings	-	-	1,00,000	40,000	1,60,000	1,30,000	30,000	1,40,000	6,00,000
	- Commission	-	-	-	-	-	-	-	-	-
	- Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	-	-	1,00,000	40,000	1,60,000	1,30,000	30,000	1,40,000	6,00,000
2.	Other Non-Executive Directors									
	- Fee for attending board / committee meetings	60,000	10,000	-	-	-	-	-	-	70,000
	- Commission	-	-	-	-	-	-	-	-	-
	- Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	60,000	10,000	-	-	-	-	-	-	70,000
	Total = (1+2)	60,000	10,000	1,00,000	40,000	1,60,000	1,30,000	30,000	1,40,000	6,70,000

C) Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD:

(Amount in ₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. M.L. Birmiwala, Sr. Vice President- Finance & Company Secretary	Mr. Deepak Kejriwal, Chief Financial Officer	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	10,13,376	8,66,880	18,80,256
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	21,17,416	30,03,300	51,20,716
	(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	-	-	-
	Total	31,30,792	38,70,180	70,00,972

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 Punishment Compounding			None		
B. DIRECTORS					
Penalty Punishment Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding			None		

FORM NO. AOC - 2**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. Not Applicable
2. Details of material contracts or arrangements or transactions at Arm's length basis.

S. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1	Promain Ltd. (Promoter Group Company)	Premises taken on rent	April 2015 to March 2016	Promain Ltd. provided its premises on lease to the Company for office use	April 30, 2015	Nil
2	Mody Education Foundation	Sale of capital goods	Until cancellation as per mutual agreement	Sale of old furniture as second hand furniture for their use	April 30, 2015	Nil
3	Hindusthan Specialty Chemicals Ltd. (Subsidiary Company)	Sale of capital goods	FY 2015-16	Sale of old car for the use of employee for official purposes	April 30, 2015	Nil
4	Mrs. Nirmala Bhuwania (Relative of MD/KMP)	Premises taken on rent	Until cancellation as per mutual agreement	House taken on rent to be used as residence for Vice Chairman & Managing Director	April 30, 2015	Nil
5.	Mrs. Sanchita Mody (Relative of Director)	Office or place of profit	As per contractual terms	Appointment as Advisor- Corporate Planning	April 30, 2015	Nil

For and on behalf of the Board of Directors

Place : New Delhi
Date : May 23, 2016

Sd/-
R. P. Mody
Chairman

(xi) *The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. - Not Applicable*

(xii) *Affirmation that the remuneration is as per the remuneration policy of the company.*

Yes, the remuneration paid to all Key Managerial Personnel was in accordance with remuneration policy adopted by the Company.

PART-B

S. No.	Employee Name	Designation & Nature of Duties	Qualifications	Total Work Experience (Years)	Date of Commencement of Employment	Age (in yrs)	Remuneration (in ₹)	Previous Employment	
								Designation	Name of the Company
A. EMPLOYED FOR FULL YEAR AND IN RECEIPT OF REMUNERATION FOR THE YEAR WHICH IN AGGREGATE WAS NOT LESS THAN RS. 60,00,000/- PER ANNUM									
1	Mr. Shyam Sunder Bhuwania	Vice Chairman & Managing Director, CEO	FCA, LL.B	45 years	01-06-1973	71	1,19,88,000/-	Administrative Officer	Hindusthan Development Corporation Limited
2	Mr. Vivek Kohli	Whole Time Director	B.E – Electrical	35 years	29-10-2012	60	88,27,980/-	Chief Technology Officer	Sterlite Technologies Ltd.
B. EMPLOYED FOR PART OF THE YEAR AND IN RECEIPT OF REMUNERATION FOR THE YEAR WHICH IN AGGREGATE WAS NOT LESS THAN RS. 5,00,000/- PER ANNUM									
1.	Mr. Anil Kumar Chandani	Chief Financial Officer	B.Com (Hons), FCA, FCS & AICWA	25 years	01-02-2016	48	15,82,864/-	Sr. V.P- Corporate Finance	HSIL Limited
2.	Mr. M S Jaiganesh	CEO – Real Estate	MBA – Marketing	21 years	14-03-2013	44	89,29,297/-	National Head – Marketing & Sales	Experion Developers Private Limited

Notes:

1. Employment of the above named officials are governed by the rules and regulations of the company from time to time.
2. All above persons are/were full time employees of the Company.
3. None of the above employees is related to any Director of the Company.
4. None of the above employees is covered under Rule 5(2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
5. Remuneration comprises salary, allowances, perquisites/taxable value of perquisites etc.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance emerges from the application of best and sound business practices which ensure that the company operates within the regulatory framework. The adoption of such corporate practices ensures accountability of the persons in charge of the Company and brings benefits to investors, customers, creditors, employees and the society at large.

SEBI (Listing & Other Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations') mandates certain disclosure requirements related to Corporate Governance, with the purpose of enhancing statutory compliances. In pursuance of this objective, we are pleased to report the following:

2. BOARD OF DIRECTORS

- The strength of the Board was eight Directors. The Board comprises of two promoter directors who are Non-Executive Directors, Two Executive Directors and four Non-Executive and Independent Directors including a woman director.
- The Board of Directors met six times during the period 1st April, 2015 to 31st March, 2016 i.e. on 30.04.2015, 29.07.2015, 14.09.2015, 24.10.2015, 27.01.2016 and 28.03.2016 with a clearly defined agenda circulated in advance of each meeting.
- Memberships of the Directors on other Boards/Committees and attendance record of the Directors are given hereunder:

S. No.	Name of Directors	Category	Board Meetings		Other Directorship	Number of Chairmanship / Memberships in Committees*	
			Held	Attended		Membership	Chairmanship
1.	Mr. Rajendra Prasad Mody, Chairman	Promoter, Non-Executive	6	6	10	-	-
2.	Mr. Vikram Aditya Mody	Promoter, Non-Executive	6	1	1	-	-
3.	Mr. Shyam Sunder Bhuwania, Vice Chairman and Managing Director	Executive	6	6	3	5	2
4	Mr. Vivek Dayaram Kohli **	Executive	1	1	5	-	-
5	Mr. Ramawatar Joshi	Independent	6	6	1	3	1
6.	Mr. Ratan Lal Nanglia ^	Independent	4	3	-	2	1
7	Mr. Mool Chand Gauba	Independent	6	6	3	1	2
8	Ms. Suman Lata Saraswat	Independent	6	6	2	3	-
9.	Mr. Om Prakash Shroff ##	Independent	1	1	3	-	-
10	Mr. Subhash Madan #	Non-Executive	5	5	4	-	-

Note: * The committees considered for the purpose are those prescribed under Clause 26(1)(b) of the Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies.

^Appointed as Director w.e.f. 14.09.2015 in the casual vacancy due to resignation of Mr. Om Prakash Shroff. Four Meetings were held during his tenure.

** Appointed as Additional Director w.e.f. 28.03.2016 and Whole-time Director w.e.f. 01-04-2016. One Meeting was held during his tenure.

Ceased to be Director w.e.f 29.02.2016. Five Meetings were held during his tenure.

Ceased to be Director w.e.f 15.06.2015. One meeting was held during his tenure.

Last Annual General Meeting held on 21.09.2015 was attended by Mr. Shyam Sunder Bhuwania and Mr. Subhash Madan.

- The Company ensures compliance of various statutory requirements by all its business units.
- All the Statutory Registers that are required to be maintained, are properly maintained and continuously updated.

CORPORATE GOVERNANCE REPORT (Contd.)

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

The Company has formulated a policy to familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes. The details of such familiarisation programmes are disclosed on the website of the company.

MEETINGS OF INDEPENDENT DIRECTORS

The meeting of Independent Directors was held on 28.03.2016 without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

- i) The performance of Non-Independent Directors and the Board as a whole;
- ii) The performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii) 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 their duties.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgement thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

3. AUDIT COMMITTEE

The Audit Committee has been reconstituted on 29.07.2015. The present Audit Committee comprises of Mr. Mool Chand Gauba as Chairman, Mr. Shyam Sunder Bhuwania and Ms. Suman Lata Saraswat as members. Mr. M.L. Birmiwala is the Secretary of the Committee. During the year, five meetings of the Committee were held on the following dates:

(i) 30.04.2015 (ii) 29.07.2015 (iii) 24.10.2015 (iv) 27.01.2016 (v) 28.03.2016

The attendance of each Audit Committee Member is as under:

Name of the Directors	No. of Meetings	
	Held	Attended
Mr. Mool Chand Gauba	5	4
Mr. Shyam Sunder Bhuwania	5	5
Ms. Suman Lata Saraswat	5	5
Mr. Om Prakash Shroff	1	1

The Committee is overseeing the Company's financial reports and disclosure of its financial information and reviewing the adequacy of internal audit function. It reviews the Company's established systems and the Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and regulation 18 of the Listing Regulation. It recommends the appointment of Auditors and fixation of their remuneration and payment for any other services. The Committee also reviews Annual Accounts of the Company. The previous Annual General Meeting of the Company was held on 21.09.2015 and was attended by Mr. Mool Chand Gauba, Chairman of the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of three Non-Executive Directors namely Mr. Ramawatar Joshi as Chairman, Mr. Ratan Lal Nangalia and Ms. Suman Lata Saraswat as members. Mr. M.L. Birmiwala is the Secretary of the Committee. During the year, three meetings of the Committee were held on 14.09.2015, 24.10.2015 and 28.03.2016.

The attendance of each Nomination and Remuneration Committee Member is as under:

Name of the Directors	No. of Meetings	
	Held	Attended
Mr. Ramawatar Joshi	3	3
Mr. Ratan Lal Nangalia	1	1
Ms. Suman Lata Saraswat	3	3
Mr. Subhash Madan	2	2

CORPORATE GOVERNANCE REPORT (Contd.)

The terms of reference/role of the Nomination and Remuneration Committee is to determine the Company's policy on the remuneration package of its Directors, Company's Senior Management including Key Managerial Personnel including revision thereof from time to time, and to deliberate on and decide matters incidental thereto or consequential thereof. The Committee shall also formulate the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

REMUNERATION POLICY

The details of Company's Remuneration Policy for Directors, Key Managerial Personnel and Senior Management is given in the Board's Report.

The Remuneration Policy of the Company is to ensure that Directors, Company's Senior Management including Key Managerial Personnel of the Company are rewarded in a fair and responsible manner, for their individual contributions to the success of the Company and are provided with appropriate incentives to encourage enhanced performance.

The remuneration paid to the Directors, Company's Senior Management including Key Managerial Personnel is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors in the Board Meeting. Remuneration payable to Executive Directors is subject to the subsequent approval by the shareholders at the General Meeting and such other authorities, if required.

REMUNERATION OF DIRECTORS

Executive Director

Mr. Shyam Sunder Bhuwania, Vice Chairman and Managing Director of the Company was paid remuneration and perquisites during the year under review as per the details given hereunder:

(Amount in ₹)

	Mr. Shyam Sunder Bhuwania
Basic Salary	18,00,000/-
Allowance & Perquisites	1,01,88,000/-
Total	1,19,88,000/-

Non- Executive Directors

The Non-Executive Independent Directors are entitled for sitting fee of ₹ 10,000/- for every Board Meeting and ₹ 10,000/- for other Committee Meetings.

The Company does not have any material pecuniary relationship/ transaction with any of its Independent Directors.

5. STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee has been reconstituted on 18.03.2016. The Committee comprises of two Non-Executive Directors and one Executive Director. The Chairman of the Committee is Mr. Ratan Lal Nangalia, Ms. Suman Lata Saraswat, Independent Directors and Mr. Shyam Sunder Bhuwania, Executive Director. Mr. M.L. Birniwala is the Secretary of the Committee.

Since during the year no shareholders grievances/complaint received or pending at the end of the financial year 31.03.2016, therefore no meeting of Shareholder's Grievance Committee was held.

The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances and also function in an efficient manner that all issues / concerns of stakeholders are addressed / resolved promptly.

Name and designation of Compliance Officer

Mr. M.L. Birniwala, Sr. VP-Finance & Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with the Delhi Stock Exchange. The Company has provided an Email ID i.e. investors@thehindusthangroup.co.in for the members to send their queries/grievances to the concerned department so that the queries/complaints are addressed.

6. SHARE TRANSFER COMMITTEE

The Committee consists of Mr. Shyam Sunder Bhuwania, Vice Chairman and Managing Director and Mr. M. L. Birniwala, Sr. VP-Finance & Secretary of the Company and responsible for approving the transfer, transmission, consolidation of securities, issuance of duplicate certificates etc. which are in physical form. Meeting of the Committee is held twice a month to consider and approve the transfer of shares if there is such a request. The Board takes note of the transfer of shares approved by the Committee in their next meeting. The Company has no transfer/consolidation requests pending at the close of the year.

Committee is authorised to look into and review the reports relating to approval/confirmation of requests for share transfer/transmission/transposition/consolidation/issue of duplicate share certificates/sub-division, remat, demat of shares etc. from time to time.

CORPORATE GOVERNANCE REPORT (Contd.)

7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been reconstituted on 29.07.2015 and 18.03.2016. Terms of Corporate Social Responsibility Committee are as per the provisions of Section 135 of the Companies Act, 2013 and Listing Regulations with the Stock Exchange which inter alia include formulation and recommendations to the Board, a Corporate Social Responsibility Policy and recommendation on the amount of expenditure to be incurred on the various CSR activities and monitoring of the CSR policy of the Company. CSR Committee comprises of Mr. Shyam Sunder Bhuwania as chairman and Mr. Ramawatar Joshi and Mr. Mool Chand Gauba as members. Mr. M.L. Birmiwala is the Secretary of the Committee.

During the year, two meetings of the Committee were held on the following dates:

(i) 29.07.2015 (ii) 28.03.2016

The attendance of each CSR Committee Member is as under:

Name of the Directors	No. of Meetings	
	Held	Attended
Mr. Shyam Sunder Bhuwania	2	2
Mr. Ramawatar Joshi	2	2
Mr. Mool Chand Gauba	1	1
Mr. Subhash Madan	1	1

8. RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been reconstituted on 29.07.2015 and 18.03.2016. The Committee meets with the requirements of the Listing Regulations. Risk Committee comprises of Mr. Mool Chand Gauba as Chairman, Mr. Shyam Sunder Bhuwania and Mr. Ratan Lal Nangalia as members.

The role and responsibilities of the Committee includes the framing of Risk Management Plan and Policy, Overseeing implementation of Risk Management Plan and Policy, Monitoring of Risk Management Plan and Policy and periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes etc.

9. GENERAL BODY MEETINGS

The details of the last three Annual General Meetings are as under:

Financial Year	Venue	Date	Time	Special Resolution Passed
2012-2013	Premises of Hindusthan Vidyut Products Limited, Kanchenjunga, 7 th Floor, 18, Barakhamba Road, New Delhi – 110001	30.08.2013	09.15 A.M.	Nil
2013-2014	Premises of Hindusthan Urban Infrastructure Limited, Kanchenjunga, 7 th Floor, 18, Barakhamba Road, New Delhi – 110001	02.09.2014	09.30 A.M.	Nil
2014-2015	Premises of Hindusthan Urban Infrastructure Limited, Kanchenjunga, 7 th Floor, 18, Barakhamba Road, New Delhi – 110001	21.09.2015	10:00 A.M.	Nil

No Special Resolution has been passed through Postal Ballot during the financial year 2015-16

10. DISCLOSURES

(i) Materially significant related party transactions i.e. the Company's transactions that are of material nature, with its Promoters, Directors and the management, their relatives or subsidiaries, among others that may have potential conflict with the Company's interests at large.

None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in notes of Standalone Financial Statements, forming part of the Annual Report.

The Company's major related party transactions are generally with its subsidiaries. All related party transactions are negotiated on an arm's length basis and are intended to further the Company's interests.

(ii) Details of non-compliances, penalties, strictures by Stock Exchanges/ SEBI/Statutory Authorities on any matter related to capital markets during the last three years:

CORPORATE GOVERNANCE REPORT (Contd.)

There has been no instance of non-compliance by the Company on any matter related to capital markets.

(iii) Pecuniary relationships or transactions with Non-Executive Directors:

None

(iv) The Company has adopted Whistle Blower Policy as per the provision of Companies Act, 2013 and as required by the Listing Agreement with Stock Exchange. During the year under review, no employee was denied access to the Audit Committee. The Whistle Blower Policy is hosted on the website of the Company.

(v) Material non-listed subsidiary Companies as defined in regulation 16 of the Listing regulations:

Hindusthan Speciality Chemicals Limited, Hindusthan Vidyut Products Limited and Hindusthan Projects Limited are wholly owned subsidiary Companies.

Mr. Shyam Sunder Bhuwania, Mr. Vivek Dayaram Kohli, Mr. Ramawatar Joshi and Mr. Mool Chand Gauba, Directors of the Company are also the Directors in the subsidiary Company i.e. Hindusthan Speciality Chemicals Limited.

Mr. Shyam Sunder Bhuwania and Mr. Vivek Dayaram Kohli, Directors of the Company are also the Directors in the subsidiary Company i.e. Hindusthan Vidyut Products Limited.

Mr. Shyam Sunder Bhuwania and Mr. Vivek Dayaram Kohli, Directors of the Company are also the Directors in the subsidiary Company i.e. Hindusthan Project Limited.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted a Code of Conduct for its Directors and Senior Management personnel and the same has been posted on the Company's website.

All the Board members and Senior Management personnel have affirmed compliance with the code of conduct.

11. MEANS OF COMMUNICATION

(i) Quarterly Results

The Company's quarterly results are approved and taken on record by the Board within the prescribed period and sent immediately to Delhi Stock Exchange. These results are normally published in newspapers i.e. Financial Express in English & Jansatta in Hindi.

(ii) Website

Detailed information on the Company's business and products; quarterly/half yearly/nine months and annual financial results are displayed on the Company's website i.e. www.hindusthanurban.com.

(iii) Annual Report

Annual Report contains inter-alia Audited Annual Accounts, consolidated Financial Statement, Board's Report and Auditors' Report.

(iv) The Management Discussion & Analysis

The Management Discussion & Analysis Report forms part of the Annual Report.

(v) Intimation to Stock Exchanges

The Company is timely submitting the required information, statement and report to the Delhi Stock Exchange. The Company intimates Stock Exchange all price sensitive information which in its opinion are material & of relevance to the shareholders.

12. GENERAL SHAREHOLDER INFORMATION

- | | | |
|-----|---|---------------------------------------|
| i. | Annual General Meeting | : 30 th September, 2016 |
| | Date, Time and Venue | : 9.30 A.M. |
| | | Ghalib Institute, Aiwan-e-Ghalib Marg |
| | | New Delhi – 110002 |
| ii. | Financial Calendar(Tentative) | |
| | Financial Reporting for Quarter ending 30 th June, 2016 | : Mid August, 2016 |
| | Financial Reporting for Quarter ending 30 th September, 2016 | : Mid November, 2016 |
| | Financial Reporting for Quarter ending 31 st December, 2016 | : Mid February, 2017 |
| | Financial Reporting for Quarter/ year ending 31 st March, 2017 (audited) | : End of May, 2017 |

CORPORATE GOVERNANCE REPORT (Contd.)

- iii. Book Closure : September 17, 2016 to September 30, 2016
- iv. Dividend Payment date : The Board has recommended a dividend of Re. 1/- per equity shares of ₹ 10/- each on the paid up share capital of the Company to be considered by the members in the forthcoming Annual General Meeting. The said dividend if declared by the shareholders shall be paid to all the members as on the date of Annual General Meeting on or before 20.10.2016.
- Mode of Payment : The members may avail the facility to receive the dividend for the year by way of ECS transfer/dividend warrants or as per the bank mandates.
- v. Listing of equity shares : Since Delhi Stock exchange was derecognised, the Company filed an application for listing of its shares at BSE Limited. BSE Limited has provided the in-principle approval for Listing of shares.
- vi. Stock Code : 10942 with DSE.
For dematerialization –INE799B01017
- vii. Market Price Data : Since the shares of Company are listed only on Delhi Stock Exchange which is closed, no stock market data are available.
- viii. Registrar & Transfer Agents: : Skyline Financial Services Private Limited,
D-153/A, 1st Floor, Okhla Industrial Area, Phase-1,
New Delhi – 110020
- ix. Share Transfer System : The Company has share transfer committee consisting of Mr. Shyam Sunder Bhuwania, Vice Chairman and Managing Director and Mr. M.L. Birmiwala, Sr. VP-Finance & Secretary of the Company. The share transfer committee meets twice a month to approve the transfer/ transmission/transposition, issue of duplicate share certificates and consolidation of shares in physical form in case there is/are such request and duly transferred shares are generally dispatched within the prescribed period under the Companies Act, 2013/Guidelines of the Stock Exchange.

x. Distribution of Shareholding as on 31st March, 2016

As on 31st March, 2016, your Company had 937 shareholders having the total equity shares. The following is the distribution:

No. of Shares held	No. of Shareholders	% of Shareholders	Aggregate Shares held	% of Shareholding
1 – 500	852	90.93	84539	5.86
501 – 1000	38	4.06	29239	2.03
1001 – 2000	17	1.81	24330	1.69
2001 – 3000	12	1.28	29535	2.05
3001 – 4000	0	0	0	0
4001 – 5000	3	0.32	14200	0.98
5001 – 10000	2	0.21	14800	1.02
10001 & above	13	1.39	1246242	86.37
Total	937	100	1442885	100.00

xi. Dematerialization of Shares:

Company has joined hands with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate holding and trading of securities in electronic form. The dealing in Company's equity shares is in demat form only. As on date 94.29% of equity capital of the Company has been dematerialised.

CORPORATE GOVERNANCE REPORT (Contd.)

- xii. Outstanding Stock Option : There are no outstanding warrants or any convertible instruments as on 31st March, 2016.
- xiii. Plant Locations : Industrial Area, P.O. Birla Nagar, **Gwalior - 474004 (M.P)**
: Plot No. 1C, Brahmaputra Industrial Park
Village: Sila, P. O. College Nagar, North Guwahati,
Distt. Kamrup – 781031 (**Assam**)
: Plot No. 321, 325/1386, Champajhara, Mallipada
Distt. Khurda-752108 **Odisha**
: Insulator & Electricals Company
1-8, New Industrial Area, P.B. No. 1, **Mandideep – 462046 (M.P)**
- xiv Address for Correspondence : Hindusthan Urban Infrastructure Limited
Kanchenjunga, 7thFloor, 18, Barakhamba Road
New Delhi - 110001
- E-mail : investors@thehindusthangroup.co.in
Website : www.hindusthanurban.com
Phone No. : 011-23310001 (5 Lines)
Fax No. : 011-23313707

- xv. The Shareholding Pattern as on 31st March, 2016

Shares held by	No. of Shares	% of Shareholding
Banks and Financial Institutions	5600	0.39
Foreign holdings (NRIs)	660	0.05
Bodies Corporate	45931	3.18
Directors/Relatives of Directors	2820	0.20
General Public	311329	21.57
Group Companies	1076545	74.61
Total	1442885	100.00

- xvi Unclaimed Dividend : The dividend for the year 2007-2008 remaining unclaimed for a period of 7 years has been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 123 of the Companies Act, 2013 as per the dates given below:-
- Date of Payment of Dividend : 25.07.2008
Date of transfer to Unclaimed/Unpaid Investor Education and Protection Fund : 10.08.2015

The unclaimed dividend for the financial year 2008-2009 onwards shall be transferred to Investor Education and Protection Fund established and notified by the Central Government, after a period of seven years, from the relevant dates. Thus, on or before 23.08.2016, Unclaimed Dividend for the financial year 2008-09 will be transferred to the fund. Members who have not en-cashed their dividend warrants for the aforesaid year may approach the Company for obtaining duplicate dividend warrants/revalidation of dividend warrants before this date.

ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF LISTING REGULATIONS

The Company has complied with all mandatory requirements of Listing Regulations. The Company has adopted following non-mandatory requirements Listing Regulations.

Audit Qualification

The Company is in the regime of unqualified financial statements.

Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board Members and Senior Management for year ended 31st March, 2016.

For Hindusthan Urban Infrastructure Limited

Sd/-
Shyam Sunder Bhuwania
Vice Chairman and Managing Director

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Hindusthan Urban Infrastructure Limited ("the Company") for the year ended on March 31, 2016, as stipulated in the Listing Regulation of the Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliances with the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations given by the management of the company, we certify that the Company has complied with the conditions of Corporate Governance as mentioned in the above mentioned Listing Regulation. 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.

For M/s K.M. Agarwal
Chartered Accountants
Firm Registration No. 000853N

Sd/-
(D.K. Aggarwal)
Partner
M.No.16952

New Delhi
23.05.2016

CEO/CFO CERTIFICATE

We hereby certify that –

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief;
 - (i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These Statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2016 fraudulent, illegal or violate the Company's code of conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal controls systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of internal controls, if any of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- (d)
 - (i) There has not been any significant change in internal control over financial reporting during the year under reference.
 - (ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
 - (iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

Place: New Delhi
Date : 23rd May, 2016

Shyam Sunder Bhuwania
Vice Chairman and Managing Director

Sd/-

Anil Kumar Chandani
Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Developments

Power or electricity is one of the key enablers for the country's economic development. Therefore, the Government of India has identified power sector as a key sector and it is necessary that power sector needs to grow for sustainable economic growth. It is expected that the economy is bound to propagate and the demand for energy will certainly rise, with the help of certainty in policy-level interventions. Besides, human developmental aspects like poverty reduction, employment generation, etc. are also considerably dependent on secure energy supply. Indian power sector is a major consumer of energy and it has a significant impact on economic developments and social welfare. Power generation during January 2016 stood at 92128 Gigawatt Hours (GWH), showing a growth rate of 6.53% over the corresponding period previous year of 86479 GWH.

The immediate goal of the Government is to produce two trillion units (kilowatt hours) of energy by 2019. This will mean doubling the current production capacity in order to achieve provide 24x7 electricity for residential, industrial, commercial and agriculture use.

The Indian power sector has an investment potential of ₹ 15 trillion (US\$ 237.35 billion) in the next 4-5 years, providing immense opportunities in power generation, distribution, transmission and equipment's.

Consequent to various steps taken by the Government of expediting forest clearances and intensive monitoring of critical transmission lines, 28,114 circuit kilometers (ckm) of transmission lines have been commissioned during the period April-March 2016 against 22,101 ckm commissioned during the same period previous year, thus having a growth of 27.21%. This is 118.56% of the annual target of 23,712 ckm fixed for 2015-16.

Insulator Division successfully commenced Coal Gasification Plant by which LNG kiln fuel replaced by coal.

2. Opportunities & Threats

Researcher's analysts forecast the Electrical Conductors market in India to grow at a CAGR of 13.56 percent over the period 2013-2018. One of the key factors contributing to this market growth is the increasing demand due to replacement activities in the country contributing in several opportunities in transmission conductors' market. The Electrical Conductors market in India has also been witnessing a growing popularity of green products in the country.

Government launched the 'Deen Dayal Upadhyaya Gram Jyoti Yojana' for power sector reforms in rural areas with a view to ensuring round the clock electricity supply to farmers and rural households.

The new power scheme focuses on feeder separation (rural households and agricultural) and strengthening of sub-transmission and distribution infrastructure, including metering at all levels in rural areas.

The scheme is one of the flagship programmes of the Power Ministry and will facilitate 24x7 supply of electricity.

However, the increasing competition between major vendors in the market could pose a challenge to the growth of this market.

Globally re-conductering projects are on rise and therefore there will be opportunity in this segment from export market.

There are opportunities for more Porcelain Insulators sales due to higher investment planned in power sector resulting into subsequent higher demand. We are also roping in new buyers.

In case of Transmission Line Insulators (DISC INSULATORS) and Railway Insulators there has been increased acceptance of Polymer Insulators resulting to availability of excess capacity thereby lowering of prices.

In case of Hollow Porcelain Insulators the capacity is more than the demand.

3. Segment-wise or Product-wise Performance

During the year revenue of Insulator Division from operations has increased by 38% as well as export sale increased by 5.5% and earned a profit before depreciation of ₹ 2.56 Crore as compared to loss of ₹ 1.07 Crore in previous financial year. This profit is earned after adjustment of an extraordinary expenditure amounting to ₹ 1.94 Crore, due to termination of supplies contracts with Vendors for LNG supply and Handling. These contracts have been terminated due to commencement of coal gasification.

During the year revenue from operations of Conductor Division has decreased by 23.50% while profit before depreciation was ₹ 11.45 Crore as compared to profit of ₹ 15.12 Crore in previous financial year. We are hopeful that our performance in coming year shall improve because company has started making its own Aluminium rods in its rolling mill to cater the needs of captive consumption.

4. Future Outlook

The Power sector has an investment potential of ₹ 15 trillion in the next 4-5 years, providing immense opportunities in power generation, distribution, transmission, and equipment. However, the sector is facing multiple challenges like risk of high fuel supply, the limited capacity to pay on the part of financially weak distribution utilities and cost overruns at plants operated by independent power producers (IPPs). Nevertheless, the Indian Government is taking numerous steps and initiatives like setting up over 5,000 MW of Grid-connected Solar PV Power Projects and raising solar power generation capacity to 48GW by early 2019. Government's newly launched schemes like National Smart Grid Mission, Scheme for gas based power plants and Integrated Power Development Scheme will help power sector to perform well in coming time.

The investment climate is positive in the power sector. Due to policy of liberalization, the sector has witnessed higher investment flows than envisaged. The industry has attracted FDI worth ₹ 1,902.26 crore or \$290.46 million during the October-December 2015

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

as compared to ₹ 1,023.81 crore or \$166.23 million in corresponding quarter previous year.

To boost the power sector of India: Recent developments in Power Sector are as follows:

- a) BRICS bank disburses \$250 million loan for renewable energy project. India was among the first four countries to get a loan from the newly established BRICS New Development Bank (NDB) which gave a \$250 million funding to Canara Bank for a renewable energy project.
- b) Government intends to raise solar power generation capacity to 48GW by early 2019, out of 100 GW envisioned from the clean source by 2022 under the National Solar Mission. The Ministry of New and Renewable Energy in its latest projections, has set a target of having 48GW grid connected cumulative solar power generation capacity by 2018-19.
- c) The Cabinet Committee on Economic Affairs has given its approval for setting up over 5,000 MW of Grid-Connected Solar PV Power Projects on build, own and operate basis.

5. Risk and Concerns

Increasing participation from China in terms of reconductoring of High temperature low sag conductor projects, and possibility of safeguard duty shall push Aluminium prices to go up and use of Polymer Insulators by major customers is major concern for conductor and Insulators division. Continuous efforts are being made to secure more and more export orders for Insulators to offset the declining domestic demand. Increased focus in export markets for conductors shall improve order book for 16-17.

6. Internal control systems and their adequacy

The company is having adequate internal control systems and procedures commensurate with the size of the company. The company has taken initiative to implement SAP in key functions to improve operational efficiency and speed in business. The company has appointed Internal Auditors instead of conducting internal audit departmentally which will ensure that the internal control systems are properly followed and no room is left for any fraud or embezzlement. The Audit Committee is regularly reviewing the Internal Audit Reports for the audit carried out in all the key areas of the operations. Additionally the Audit Committee approves all the audit plans and reports for significant issues raised by the Internal Auditors. Internal Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as required.

7. Financial/Operational Performance

The revenue from operations has decreased by about 13.73% mainly due to lower order book resulting in lower overall profit before Depreciation and Taxation of ₹ 14.01 Crores.

8. Human Resources/Industrial Relations

It is the company's belief that the Human Resource is the driving force towards progress and success of a Company. In order to bring in automation in HR Systems Company is implementing HRMS module to make easier HR related activities. The company seeks to motivate and retain its professional by offering reasonable compensation and opportunity to grow in the organization. The total permanent employee's strength of the company was 638 as on 31.03.2016. The industrial relations in all Works remained cordial during the year.

9. Cautionary Statement

This report to the Shareholders is in compliance with the Corporate Governance Standard incorporated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange and as such cannot be construed as holding out for any forecast, projection, expectation, invitation, offer, etc. within the meaning of applicable Securities' Laws and Regulations. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to Company's operations include domestic and international economic conditions affecting demand, supply and price conditions, changes in government regulations, tax regimes and other statutes. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 23rd May, 2016

Sd/-
Rajendra Prasad Mody
Chairman
DIN: 00140503

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HINDUSTHAN URBAN INFRASTRUCTURE LIMITED (Formerly Hindusthan Vidyut Products Limited)

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **Hindusthan Urban Infrastructure Limited** ('the Company'), which comprise the balance sheet as at 31 March, 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A', a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us and report has been received from the Guwahati Works audited by the Branch Auditors.
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) 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 B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements; refer note no. 36(12).
 - ii. the Company did not have any Long Term contracts including Derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For K. M. Agarwal & Co.
Chartered Accountants
Firm's registration number: 000853N

Sd/-
(D.K. Agarwal)
Partner

Membership number: 016952

Place : New Delhi
Date : 23rd May, 2016

INDEPENDENT AUDITORS' REPORT (Contd.)

Annexure A to the Independent Auditors' Report

Referred to in Para '2(f)' 'Report on Other Legal and other Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March, 2016.

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016.

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As informed to us, the Company has a regular programme for physical verification of its fixed assets at periodic intervals whereby fixed assets are verified in a phased manner to cover all items over a period of 3 years. In accordance with this programme, a portion of fixed assets has been verified by the management during the year and as informed to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. The title deeds of immovable properties, as disclosed in the financial statements, are held in the name of the Company.
- (ii) a. As explained to us, inventories (except stock lying with third parties and stock in transit) have been physically verified during the year by the management at reasonable intervals.
- b. In our opinion and according to information and explanation given to us, the company has maintained proper records of inventory and no material discrepancies were noticed on physical verification as compared with the books of account.
- (iii) 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. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- (iv) in our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees provided by it. There is no security provided by the company to parties covered under section 185 and 186.
- (v) The Company has not accepted any deposits from the public as mentioned in the directives issued by Reserve Bank of India and hence provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. There was no material undisputed outstanding statutory dues as at 31st March, 2016 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and the records of the Company examined by us, dues of income tax, sales tax, service tax, Custom duty and Excise duty not deposited on account of dispute are as follows:

Name of the statute	Nature of dues	Amount (in ₹) (net of amount paid)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, Haryana	1720197.00	2004-05	Tribunal, Chandigarh
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, U.P.	64307.00	1985-86	Assistant Commissioner, (Assessment) Ghaziabad
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, U.P.	488619.00	1995-96	Assistant Commissioner, (Assessment) Ghaziabad
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, U.P.	925200.00	2001-02	Hon'ble High Court, Allahabad
Municipal Corporation, Faridabad	Development Charges at Faridabad, Work Land	9285750.00		Hon'ble High Court, Chandigarh
Central Excise	No Proper Endorsement On Bill of Entry	31869030.00		Tribunal, New Delhi
Income Tax Department	Income Tax	1840570.00	2005-06	ITAT, New Delhi
Income Tax Department	Income Tax	1876070.00	2010-11	CIT, Appeals, New Delhi
Income Tax Department	Income Tax	111045.00	2012-13	CIT, Appeals, New Delhi

INDEPENDENT AUDITORS' REPORT (Contd.)

- (viii) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution, bank or government. However, the company has not raised any funds by issue of debentures.
- (ix) The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). However, the company has utilized the term loans for the purposes for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule-V to the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For K. M. Agarwal & Co.
Chartered Accountants
Firm's registration number: 000853N

Sd/-
(D.K. Agarwal)
Partner

Place : New Delhi
Date : 23rd May, 2016

Membership number: 016952

INDEPENDENT AUDITORS' REPORT (Contd.)

Annexure B to the Independent Auditors' Report

Referred to in Para '1' 'Report on Other Legal and other Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March, 2016.

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016.

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 **Hindusthan Urban Infrastructure Limited** ('the Company') as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for 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 Companies Act, 2013.

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company 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 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K. M. Agarwal & Co.
Chartered Accountants
Firm's registration number: 000853N

Place : New Delhi
Date : 23rd May, 2016

Sd/-
(D.K. Agarwal)
Partner
Membership number: 016952

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note No.	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	14,428,850	14,428,850
(b) Reserves and Surplus	3	2,709,136,310	2,694,946,854
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	463,106,461	421,538,156
(b) Deferred Tax Liabilities (Net)	5	222,169,000	222,169,000
(c) Long Term Provisions	6	50,694,202	60,644,312
(3) Current Liabilities			
(a) Short-Term Borrowings	7	1,639,899,748	1,377,362,997
(b) Trade Payables	8	1,412,216,519	529,710,520
(c) Other Current Liabilities	9	409,003,409	378,332,727
(d) Short-Term Provisions	10	45,815,516	52,809,645
Total		<u>6,966,470,015</u>	<u>5,751,943,061</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		2,248,530,134	1,603,273,556
(ii) Intangible Assets		1,748,479	1,496,807
(iii) Capital Work-in-Progress		26,302,382	739,586,741
(b) Non-Current Investments	12	908,701,884	641,580,051
(c) Long Term Loans and Advances	13	173,956,997	147,784,922
(d) Other Non-Current Assets	14	47,893,418	45,369,213
(2) Current Assets			
(a) Inventories	15	731,461,696	482,712,099
(b) Trade Receivables	16	2,497,066,373	1,669,490,211
(c) Cash and cash equivalents	17	48,225,242	73,279,823
(d) Short-Term Loans and Advances	18	280,200,971	339,547,841
(e) Other Current Assets	19	2,382,439	7,821,797
Total		<u>6,966,470,015</u>	<u>5,751,943,061</u>
Significant Accounting Policies	1		

The accompanying notes no's 1 to 36 are integral part of the financial statements.

As per our report of even date
For K M AGARWAL & CO.
Chartered Accountants
FRN: 000853N

Sd/-
R.P. Mody
(DIN No.00140503)

Director

Sd/-
D K AGARWAL
Partner
M.No.16952

Sd/-

Sd/-

Sd/-

Place: New Delhi
Date: 23rd May, 2016

M.L. Birmiwala

Sr.V.P. Finance & Co. Secy.

Anil Kr. Chandani
Chief Financial Officer

S.S. Bhuwania
(DIN No.00107171)

Vice Chairman and
Managing Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note No.	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
I. Revenue from Operations			
Revenue from Operations (Gross)		7,513,333,737	8,377,135,524
Less: Excise Duty		710,952,651	492,039,858
Net Revenue from Operations	20	6,802,381,086	7,885,095,666
II. Other Income	21	45,117,578	42,129,968
III. Total Revenue (I +II)		6,847,498,664	7,927,225,634
IV. Expenses:			
Cost of Materials Consumed	22	4,692,422,048	6,010,455,897
Purchase of Stock-In-Trade	-	-	-
Changes in Inventories of Finished goods, Work-in-Progress, Stock in Trade & Scrap	23	(243,179,372)	105,187,907
Employee Benefit Expense	24	309,134,609	291,410,454
Finance Costs	25	339,784,980	218,400,993
Depreciation and Amortization Expense		130,350,399	91,743,929
Other Expenses	26	1,572,922,408	1,161,192,152
Total Expenses		6,801,435,072	7,878,391,332
V. Profit before exceptional and extraordinary items and tax (III - IV)		46,063,592	48,834,302
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		46,063,592	48,834,302
VIII. Extraordinary Items		(36,332,569)	-
IX. Profit before tax (VII - VIII)		9,731,023	48,834,302
X. Tax expense:- (Refer Note No. 34)			
Current tax		(6,195,055)	5,403,256
Deferred tax		-	15,768,000
XI. Profit after tax for the period from continuing operations (IX-X)		15,926,078	27,663,046
XII. Earning per equity share:- (Refer Note No. 35)			
(1) Basic		11.04	19.17
(2) Diluted		11.04	19.17

The accompanying notes are integral part of the financial statements.

As per our report of even date
For K M AGARWAL & CO.
Chartered Accountants
FRN: 000853N

Sd/-
R.P. Mody
(DIN No.00140503)

Director

Sd/-
D K AGARWAL
Partner
M.No.16952

Sd/-

Sd/-

Sd/-

Place: New Delhi
Date: 23rd May, 2016

M.L. Birmiwala
Sr.V.P. Finance & Co. Secy.

Anil Kr. Chandani
Chief Financial Officer

S.S. Bhuwania
(DIN No.00107171)

Vice Chairman and
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax & Extraordinary Items	46,063,592	48,834,302
<u>Adjustment for :</u>		
Depreciation	130,350,399	91,743,929
Unrealised Foreign Exchange Loss/(Gain)	(2,900,709)	(1,138,800)
Finance Cost	339,784,980	218,400,993
Provision for Liquidated Damages/ Bad Debts Written off	3,772,395	849,448
Extra Ordinary Items	(36,332,569)	-
Rates and Taxes (Wealth Tax)	63,500	1,561,600
Interest Income	(17,123,540)	(16,219,956)
Dividend Income	(4,696,072)	(2,606,923)
Loss/(Profit) on Sale of Fixed Assets	(1,489,249)	(1,051,594)
Loss/(Profit) on Sale of Investment	(363,394)	(6,224,913)
Operating Profit Before Working Capital Changes	457,129,333	334,148,086
<u>Add/Less: (Increase)/Decrease in Current Assets</u>		
Trade Receivables	(829,843,245)	781,740,866
Loans & Advances	60,875,161	(73,864,101)
Inventories	(248,749,598)	290,863,951
<u>Add/Less: Increase/(Decrease) in Current Liabilities</u>		
Current Liabilities & Provisions	842,043,699	(887,596,726)
Operating Profit After Working Capital Changes	281,455,350	445,292,076
Direct Tax Paid (net of refund)	11,376,754	1,220,779
Rates & taxes (Wealth Tax Paid)	1,263,500	931,600
Net Cash from Operating Activities	268,815,096	443,139,697
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(214,203,091)	(582,793,617)
Sale of Fixed Assets	12,189,105	45,361,104
Purchase of Investment	(202,603,297)	(333,029,384)
Sale of Investment	5,155,157	71,968,525
Interest Received	22,592,172	18,818,611
Dividend Received	4,696,072	2,606,923
Capital Subsidy	14,294,795	36,352,149
Loan to Others - Given (Received)	(3,496,952)	(1,628,640)
Net Cash from Investing Activities	(361,376,039)	(742,344,329)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds From Short Term Borrowings	211,212,877	226,937,561
Proceeds From Long Term Borrowings	164,982,034	161,801,790
Payment of Long term Borrowings	(28,793,729)	15,373,410
Finance Cost Paid (Net of interest capitalised)	(278,173,459)	(173,000,617)
Dividend Paid (including DDT)	(1,721,361)	(1,633,314)
Net Cash from Financing Activities	67,506,362	229,478,830
Net Increase/ (Decrease) in cash & cash Equivalent	(25,054,581)	(69,725,802)
Cash & cash Equivalent at Beginning of the Year	73,279,823	143,005,625
Cash & cash Equivalent at End of the Year	48,225,242	73,279,823

As per our report of even date
For K M AGARWAL & CO.
Chartered Accountants
FRN: 000853N

Sd/-
D K AGARWAL
Partner

M.No.16952

Place: New Delhi
Date: 23rd May, 2016

M.L. Birmiwala
Sr.V.P. Finance & Co. Secy.

Sd/-

Anil Kr. Chandani
Chief Financial Officer

Sd/-

Sd/-
R.P. Mody
(DIN No.00140503)

S.S. Bhuwania
(DIN No.00107171)

Sd/-

Director

Vice Chairman and
Managing Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, and in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013.

2 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that may affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and differences, if any, are recognised in the period in which the results are known / materialised.

3 Current & non-current classification:

The assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the portion of non current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after reporting date; or
- d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

4 Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods and services. Sales is net of taxes, rebate, discount, claims and other non-recoverables. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

5 Employee Benefits

- (i) Expenses and Liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the ICAI.
- (ii) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (iii) Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

6 Excise Duty

The excise duty liability in respect of closing inventory of finished goods is provided for and included as part of inventory. The amount of CENVAT credits in respect of materials consumed for sales is deducted from cost of materials consumed. Amount of custom duty paid on raw materials (including in transit) is included in the value thereof.

7 Research & Development

Revenue expenditure on Research and Development is charged to the Profit and Loss account in the year in which it is incurred. Capital expenditure is shown as depreciable fixed asset.

8 Tangible Fixed Assets

Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including finance costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

9 Intangible Fixed Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation / depletion. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalised.

10 Depreciation and Amortisation

Depreciation is provided on straight line method as follows:-

- (i) On the original cost of fixed assets as per the useful lives and in the manner prescribed under Part C of Schedule II of The Companies Act, 2013.
- (ii) On increase in value due to revaluation on the basis of remaining useful life as estimated by the valuer, the corresponding amount is directly transferred to General Reserve from Revaluation Reserve.

11 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

12 Foreign Currency Transactions

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- (c) Non monetary foreign currency items are carried at cost.
- (d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

13 Investments

Investments are classified as long term or current based on the Management intention at the time of purchase. Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Current investments are carried at lower of cost and quoted/fair value, computed category wise.

14 Inventories

Inventories are stated at lower of cost or net realisable value. The cost for the purpose of valuation is computed on the basis of weighted average price in case of Conductors Division and in case of Insulators Division on the basis of First-in-First out (FIFO). The cost of work-in-progress (other than those lying at third party manufacturing sites which is valued

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

at material cost) and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and estimated selling expenses.

15 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

16 Government Grants

Grants received from the government agencies for the specific fixed assets are shown as deduction in the year of receipt from the Gross value of the asset concerned and thus recognized over the remaining useful life of the depreciable asset by way of reduced depreciation charge. Revenue grants are recognised as Other Income or deducted in reporting the related expenses where such benefits have been earned by the enterprise and it is certain that ultimate realisability is certain.

17 Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future. Deferred tax assets /Deferred tax liabilities are not recognised if timing differences are expected to reverse during the tax holiday period.

18 Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

19 Provisions and Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

I. EQUITY AND LIABILITIES

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)
(1) Shareholder's Funds		
NOTE NO - 02: - Share Capital		
(a) AUTHORISED		
25,00,000 Equity Shares of ₹ 10/-each.	25,000,000	25,000,000
(b) ISSUED		
14,43,000 Equity Shares of ₹ 10/-each.	14,430,000	14,430,000
(c) SUBSCRIBED AND FULLY PAID UP		
14,42,885 Equity Shares of ₹ 10/-each.	14,428,850	14,428,850
	<u>14,428,850</u>	<u>14,428,850</u>

(d) RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING

	No of Shares	Amount	No of Shares	Amount
Opening Balance	1,442,885	14,428,850	1,442,885	14,428,850
Add:- Addition during the Year	-	-	-	-
Less:- Deletion during the Year	-	-	-	-
Closing Balance	<u>1,442,885</u>	<u>14,428,850</u>	<u>1,442,885</u>	<u>14,428,850</u>

(e) Terms / rights attached to equity shares

The company has issued only one class of equity shares having a par value of ₹ 10 each. Each equity share holder 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 remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended March 31, 2016 the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1/- (Previous Year ₹ 1/-).

(f) SHAREHOLDERS HOLDING MORE THAN 5%	As on 31.03.2016		As on 31.03.2015	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
NAME OF SHAREHOLDER				
M/s Hindusthan Consultancy & Services Ltd.	708,825	49.12%	708,825	49.12%
M/s Carbo Industrial Holdings Ltd.	132,820	9.21%	132,820	9.21%
M/s Promain Ltd.	117,900	8.17%	117,900	8.17%

NOTE NO - 3: -Reserves and Surplus

(a) Capital Redemption Reserve		2,643,500	2,643,500
(b) Revaluation Reserve	3,014,882		12,080,388
Less:- Reserve adjusted due to revised Depreciation rates	-		(9,063,783)
Less:- Transferred to General Reserve	1,723		1,723
	<u>3,013,159</u>	3,013,159	<u>3,014,882</u>
(c) General Reserve	2,582,500,000		2,563,430,467
Add/(Less):- Transferred from / (To) Profit and Loss A/c	-		24,002,753
Depreciation adjustment	-		(4,934,943)
Transferred from Revaluation Reserve	1,723		1,723
	<u>2,582,501,723</u>	2,582,501,723	<u>2,582,500,000</u>
			2,582,500,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As At 31.03.2016		As At 31.03.2015	
	(₹)		(₹)	
(d) Capital Reserve	104,864,850		68,512,701	
Add:- Reserve on Government Subsidy	-		36,352,149	
	<u>104,864,850</u>	104,864,850	<u>104,864,850</u>	104,864,850
(e) Profit & Loss Account	1,923,622		-	
Add:- Profit / (Loss) for the year	15,926,078		27,663,046	
Transfer from General Reserve	-		-	
Less:- Appropriations				
Transferred to General Reserve	-		24,002,753	
Proposed Dividend on Equity	1,442,885		1,442,885	
Tax on Dividend	293,737	16,113,078	293,786	1,923,622
		<u>2,709,136,310</u>		<u>2,694,946,854</u>

(2) NON CURRENT LIABILITIES

NOTE NO - 4 :- Long Term Borrowings :-

Term Loan (Secured): From Banks				
11.65% Term Loan (Rupee Loan) *	447,094,402		186,976,290	
Less:- Current Maturities	<u>90,535,362</u>	356,559,040	<u>40,036,000</u>	146,940,290
6.385% Term Loan (FCLR)	-		153,085,519	
Less:- Current Maturities	-	-	<u>5,300,000</u>	147,785,519
13.70% Term Loan (Rupee Loan)	-		802,097	
Less:- Current Maturities	-	-	<u>802,097</u>	-
6.345% term Loan (FCLR)	-		33,845,250	
Less:- Current Maturities	-	-	<u>33,845,250</u>	-
16.20% Term Loan (Rupee Loan)**	115,000,000		112,901,288	
Less:- Current Maturities	<u>18,279,000</u>	96,721,000	-	112,901,288
10.14% Term Loan (Rupee Loan) #	13,911,059		17,603,153	
Less:- Current Maturities	<u>4,084,638</u>	9,826,421	<u>3,692,094</u>	13,911,059
		<u>463,106,461</u>		<u>421,538,156</u>

*11.65% Term Loans from Canara Bank, New Delhi of ₹12,39,00,000/- & ₹ 11,95,92,500/- is repayable in 108 & 96 monthly instalments starting from 01.08.2010 and 01.02.2011 respectively. The loan is secured by first charge on Assets created out of 4 nos. Wind Turbine Generator (WTGs) at rajasthan and land at WTG site and Term Loan for ₹12,95,00,000/- taken for Guwahati Project is repayable in 16 half yearly instalments starting from 01.08.2012. The loan is secured by first charge on Land, Building and P&M created out of the loan. Term loan of ₹ 45,00,00,000/- is sanctioned on 14.08.2015 by canara bank, New Delhi for our Khurda Project at 11.65% against which ₹ 32,20,34,112/- availed. The said loan is repayable in 32 quarterly structured instalments starting from quarter ending December 2015 and ending on quarter ending September 2023. The loan is secured by exclusive charge on land & building and other fixed/movable/immovable assets situated at Village-chmpajhara, Distt- Khurda, Bhubaneswer.

** 16.20% Term Loan from SBI is secured by 1st Charge on fixed assets created out of the Loan.

10.14% car loan of ₹ 2,09,30,000/- from ICICI Bank is repayable in 59 equal monthly instalments starting from 10.06.2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)
NOTE NO - 5:- Deferred Tax Liabilities (Net)		
Deferred tax Liabilities	248,864,000	248,864,000
Less:- Deferred tax Assets	26,695,000	26,695,000
	<u>222,169,000</u>	<u>222,169,000</u>

NOTE NO - 6: - Long Term Provisions

(I) Employee Benefits	48,178,082	58,128,192
(II) Others : Debtors under Litigation	2,516,120	2,516,120
	<u>50,694,202</u>	<u>60,644,312</u>

(3) Current Liabilities

NOTE NO - 7:- Short-term borrowings

(I) Working Capital Facilities from Banks- Secured*		
Foreign Currency loan #		
PCFC Loan	20,399,961	56,303,422
Buyer's Credit Loan	177,615,964	377,605,396
Rupee loan #		
Export Packing Credit	31,241,801	
Cash Credit	773,925,898	412,885,015
(II) Loan & Advances - From Related Parties -Unsecured		
- Hindusthan Engineering & Industries Ltd.	636,716,124	530,569,164
	<u>1,639,899,748</u>	<u>1,377,362,997</u>

*Working Capital Facilities from Canara Bank for the Conductor Division are Secured against hypothecation of stocks, book debts and plant & machinery both present & future at Faridabad, Gwalior and Guwahati Unit and equitable mortgage of land and building at Faridabad and Gwalior against which drawing is ₹ 54,41,43,498/- (previous year ₹ 42,42,47,896/-)

Working capital facilities from State Bank of India, Bhopal Branch for the Insulator division are secured against hypothecation of stocks and book debts and secured collaterally by way of second charge on fixed assets of insulators division against which drawing is ₹ 45,90,40,126/- (previous year ₹ 42,25,45,937/-)

#Interest rate varies from 1% to 5% per annum on foreign currency denominated working capital facilities and it varies from 9% to 13% on rupee denominated working capital facilities.

NOTE NO - 8:- Trade Payables

For Goods & Services - Micro Small & Medium Enterprises	(Refer Note No..29(B))	14,715,180	4,540,627
- Others	(Refer Note No..29(A))	1,397,501,339	525,169,893
		<u>1,412,216,519</u>	<u>529,710,520</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As At 31.03.2016	As At 31.03.2015
	(₹)	(₹)
NOTE NO - 9: - Other Current Liabilities		
(I) Current Maturities of Long term Debt		
11.65% Term Loan from a Bank (Rupee Loan)	90,535,362	40,036,000
6.385% Term Loan from a Bank (FCLR)	-	5,300,000
10.14% ICICI Bank Term Loan - Car Loan	4,084,638	3,692,094
13.70% Term Loan from a Bank (Rupee Loan)	-	802,097
16.20% Term Loan from a Bank (Rupee Loan)	18,279,000	-
6.345% Term Loan from a Bank (FCLR)	-	33,845,250
Unsecured Loan (Sales Tax Deferment)	7,604,039	7,604,039
(II) Interest accrued but not due on borrowings	157,234,153	95,760,304
(III) Unclaimed dividend	515,139	499,879
(IV) Other Payables		
(a) Creditors For Capital Goods	23,118,189	80,023,634
(b) Advance From Customers	21,203,716	66,512,271
(c) Statutory		
Income Tax (TDS)	11,755,144	10,283,409
Excise Tax	62,201,018	16,921,441
Sales Tax	11,366,960	1,430,011
Others	1,005,437	4,594,490
(d) Other Deposits		
From Related Parties - Hindusthan Engineering & Industries Ltd.	-	928,960
Other Deposit - Trade/Service Deposits	100,614	10,098,848
	<u>409,003,409</u>	<u>378,332,727</u>

NOTE NO - 10:- Short Term Provisions

(I) Employee Benefits	43,819,699	48,634,002
(II) Others		
Liquidated Damages	259,195	2,438,972
Proposed Dividend	1,442,885	1,442,885
Tax on Dividend	293,737	293,786
	<u>45,815,516</u>	<u>52,809,645</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)
NOTE NO - 12: - NON-CURRENT INVESTMENT		
Non- Trade Investment		
Investment in Property		
- Land at Banera	90,800	90,800
- Land at Bangalore	8,080,665	8,080,665
- Building at Bangalore (Site development)*	104,547,072	1,433,477
*Investment in Building at Bangalore (Site Development) has been regrouped from “Capital WIP” to “Non-trade investment”.		
Unquoted#		
Investment in Equity-Subsidiary Company	551,817,512	383,017,512
Hindusthan Speciality Chemicals Ltd.	550,817,512	382,517,512
Hindusthan Vidyut Products Ltd.	500,000	500,000
Hindusthan Projects Ltd.	500,000	-
Quoted##		
Investment in Equity	244,165,835	248,957,597
- Reliance Industries Ltd.	238,834,734	243,626,496
- Ballarpur Industries Ltd.	5,331,101	5,331,101
(Market Value of Quoted Investments are ₹ 23,75,32,080/-)		
(Previous Year ₹ 19,18,43,783/-)	<u>908,701,884</u>	<u>641,580,051</u>

		Face value per Unit	As at 31/03/2016		As at 31/03/2015	
			No. of Units	Amount (₹)	No. of Units	Amount (₹)
# Unquoted						
Investments in Equity Instruments						
Hindusthan Speciality Chemicals Ltd.	Subsidiary Company	₹ 10	55,080,000	550,800,000	45,900,000	459,000,000
Hindusthan Vidyut Products Ltd.	Subsidiary Company	₹ 10	50,000	500,000	50,000	500,000
Hindusthan Projects Ltd.	Subsidiary Company	₹ 10	50,000	500,000	-	-
## Quoted						
Investments in Equity Instruments						
- Reliance Industries Ltd.	Others	₹ 10	225,157	2,251,570	230,000	2,300,000
- Ballarpur Industries Ltd.	Others	₹ 2	159,615	319,230	159,615	319,230

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)
NOTE NO - 13:- Long Term Loans and Advances		
(I) Capital Advances		
(i) Secured, considered good	-	1,000,000
(ii) Unsecured, considered good	10,922,437	3,309,994
(II) Security Deposits		
Unsecured, considered good		
(A) (i) Sales Tax (Under Litigation)	1,687,202	1,258,249
(ii) Municipal Corporation (Under Litigation)	514,250	514,250
(iii) Central Excise & Custom (Under Litigation)	3,500,000	3,500,000
(B) Others - I) Tender	19,220,024	15,508,572
II) Electricity	27,098,316	26,669,349
III) Others	12,715,108	14,538,438
(III) Income Tax	97,834,002	78,842,816
(IV) Employees	311,000	419,748
(V) Others	154,658	2,223,506
	<u>173,956,997</u>	<u>147,784,922</u>

NOTE NO - 14: -Other Non - Current Assets

(I) Long Term Trade Receivables		
(i) Unsecured, considered good	47,893,418	45,339,940
(Under Litigation ₹ 39,58,233/- (Previous Year ₹ 39,58,233/-))		
(II) Interest accrued but not Due - Unsecured	-	29,273
	<u>47,893,418</u>	<u>45,369,213</u>

(2) Current Assets

NOTE NO - 15: - Inventories

(I) Raw materials - In hand	106,471,480	128,694,806
- In Transit	8,266,062	-
(II) Work-in-Progress	276,056,839	206,183,851
(III) Finished Goods	250,687,872	80,193,559
(IV) Stores & Spares and Packing	82,738,028	63,442,470
(V) Loose Tools	2,633,704	2,401,773
(VI) Scrap	4,607,711	1,795,640
	<u>731,461,696</u>	<u>482,712,099</u>

NOTE NO - 16:- Trade Receivables

(I) Over six months	(Refer Note No. 29(A))	
(i) Unsecured, considered good		199,663,453
(II) Others	(Refer Note No. 29(A))	
(i) Secured, considered good		775,519,819
(ii) Unsecured, considered good		1,521,883,101
		<u>2,497,066,373</u>
		<u>1,669,490,211</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As At 31.03.2016	As At 31.03.2015
	(₹)	(₹)
NOTE NO - 17:- Cash and Cash Equivalents		
(I) Cash and Cash equivalents		
(I) Cash on Hand	2,369,062	2,423,632
(II) Balance with Banks Current Accounts	7,411,193	24,590,259
	<u>9,780,255</u>	<u>27,013,891</u>
(II) Other Bank Balances		
Earmarked Balances with Banks - Unclaimed Dividend	515,139	499,879
Balances with Banks held as Margin money/ Security #	37,929,848	45,766,053
	<u>48,225,242</u>	<u>73,279,823</u>

Includes deposit more than 12 months ₹2,36,72,537/- (Previous year ₹ 1,07,85,365/-)

NOTE NO - 18 : - Short- term loans and advances

(I) Loans & Advances to Subsidiary (Un-secured) - Hindusthan Vidhyut Products Ltd ##	2,200,000	2,200,000
(II) Earnest Money Deposit - Others	3,329,742	12,696,500
(III) Deposit/ Credit with Government Authorities		
Custom, Excise & Service Tax	82,996,828	43,951,411
Sales tax	545,373	7,897,727
(IV) Employees	1,875,829	2,241,795
(V) Others	189,253,199	270,560,408
	<u>280,200,971</u>	<u>339,547,841</u>

For Business purpose.

NOTE NO - 19: - Other Current Assets

Interest accrued but not Due - Unsecured	2,382,439	7,821,797
	<u>2,382,439</u>	<u>7,821,797</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTES - PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	2015-16 (₹)	2014-15 (₹)
NOTE NO - 20: - Revenue from operations		
(A) SALE OF PRODUCTS		
(i) Conductors	5,494,400,757	6,979,161,553
(ii) Insulators	1,901,009,158	1,365,672,810
(iii) Power Generation Sales	30,104,971	16,374,910
TOTAL A	<u>7,425,514,886</u>	<u>8,361,209,273</u>
(B) OTHER OPERATING REVENUE		
(i) Scrap	19,189,039	13,892,102
(ii) Export Incentive	8,013,569	2,034,149
(iii) Sales Tax / Excise Benefit	60,616,243	-
TOTAL B	<u>87,818,851</u>	<u>15,926,251</u>
Total (A+B)	<u>7,513,333,737</u>	<u>8,377,135,524</u>
(C) EXCISE DUTY ON SALES	TOTAL C	TOTAL C
	710,952,651	492,039,858
	TOTAL I (A + B - C)	TOTAL I (A + B - C)
	<u>6,802,381,086</u>	<u>7,885,095,666</u>

NOTE NO - 21: - Other Income

(A) INTEREST INCOME		
From FDR's	4,723,525	8,633,052
From Customers	3,945,798	5,701,648
From Related Parties	220,000	13,260
From Others	8,234,217	1,871,996
(B) DIVIDEND INCOME	4,696,072	2,606,923
(C) NET GAIN ON SALE OF INVESTMENT	363,394	6,224,913
(D) OTHER NON- OPERATING INCOME		
Fluctuation in Exchange Rate (Net)	7,722,337	3,743,780
Claims Received (Net)	-	595,053
Compensation Received	9,117,126	
Profit on Sale of Fixed Assets	3,207,365	1,459,430
Liabilities No Longer Required & Sundry Credit Balance Written Back	2,887,744	11,279,913
TOTAL II	<u>45,117,578</u>	<u>42,129,968</u>
III. Total Revenue (I +II)	6,847,498,664	7,927,225,634

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

PARTICULARS	2015-16 (₹)	2014-15 (₹)
IV. EXPENSES		
NOTE NO - 22: - Cost of Materials Consumed		
Raw Material		
Inventories at the beginning of the year	128,694,806	307,115,866
Add:- Purchases during the Year	4,678,464,785	5,832,034,837
	<u>4,807,159,591</u>	<u>6,139,150,703</u>
Inventories at the end of the year	114,737,543	128,694,806
TOTAL A	<u><u>4,692,422,048</u></u>	<u><u>6,010,455,897</u></u>
Purchase of Stock-In-Trade	-	-
TOTAL B	<u><u>-</u></u>	<u><u>-</u></u>
NOTE NO - 23:- Change in Inventories of Finished Goods, Work-in-Progress and Scrap		
Inventories at the beginning of the year		
Finished Goods	80,193,559	219,409,601
Work-In-Progress	206,183,851	173,704,720
Scrap	1,795,640	246,636
	<u>288,173,050</u>	<u>393,360,957</u>
Inventories at the end of the year		
Finished Goods	250,687,872	80,193,559
Work-In-Progress	276,056,839	206,183,851
Scrap	4,607,711	1,795,640
	<u>531,352,422</u>	<u>288,173,050</u>
TOTAL C	<u><u>(243,179,372)</u></u>	<u><u>105,187,907</u></u>
NOTE NO - 24: - Employee Benefit Expenses		
(I) Salaries, Wages and Bonus etc.	286,861,898	267,526,822
(II) Contribution to Provident & Other Funds	16,071,696	17,847,846
(III) Staff & Workmen Welfare	6,201,015	6,035,786
TOTAL D	<u><u>309,134,609</u></u>	<u><u>291,410,454</u></u>
NOTE NO - 25: -Finance Costs		
(1) INTEREST		
On Term Loan	51,112,411	22,903,721
On Working Capital Borrowings	180,993,769	86,597,066
On Loan from - Related Party (HEIL)	57,026,527	49,107,944
On Exchange difference to the extent considered as an adjustment to borrowing cost	2,687,967	9,421,519
On Others	1,427,705	2,708,280
	<u>293,248,379</u>	<u>170,738,530</u>
(2) OTHER BORROWING COST		
Bank Charges	46,536,601	47,662,463
TOTAL E	<u><u>339,784,980</u></u>	<u><u>218,400,993</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

PARTICULARS	2015-16	2014-15
	(₹)	(₹)
NOTE NO - 26: - Other Expenses		
MANUFACTURING EXPENSES		
(i) Stores & Spares	153,769,389	104,435,511
(ii) Packing & Forwarding Expenses (Net)	307,806,947	231,695,855
(iii) Power & Fuel	407,095,628	357,701,664
(iv) Repairs to Building	13,170,715	8,381,761
(v) Repairs to Machinery	24,050,043	26,281,302
(vi) Jobs on Contract	259,413,445	183,426,542
(vii) Freight and Transport	237,814,818	141,476,818
(viii) Increase/(Decrease) in Excise Duty & Cess on Inventories	32,559,317	(5,359,000)
SELLING AND ADMINISTRATION		
(i) Rent	8,212,353	8,038,722
(ii) Insurance	8,005,505	9,607,625
(iii) Rates & Taxes	5,379,801	11,330,539
(iv) Repairs - Others	6,091,372	5,602,616
(v) Directors Meeting Fees	763,840	225,000
(vi) Payment to Auditors	343,958	329,627
(vii) Charity & Donation	2,035,039	813,000
(viii) Brokerage & Commission	17,932,675	5,782,156
(ix) Bad Debts Written off	3,773,197	849,448
(x) Loss on Sale of Fixed Assets	1,718,116	407,836
(xi) Claims Paid (Net)	233,968	-
(xii) Provision for Liquidated Damages	(802)	-
(xiii) Miscellaneous Expenses	82,753,084	70,165,130
TOTAL F	1,572,922,408	1,161,192,152

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE No-27: Segment Accounting

Segment information for the year ending 31st March, 2016

Particulars	Conductor & Cable	Insulators	Unallocated	Total
Revenue	(₹)	(₹)	(₹)	(₹)
External Sales/other income (Net of Excise Duty)	5,068,835,188	1,726,375,499	52,287,977	6,847,498,664
	(6,635,759,742)	(1,250,039,190)	(41,426,702)	(7,927,225,634)
Inter-segment	-	-	-	-
	(-)	(-)	(-)	(-)
Total revenue	5,068,835,188	1,726,375,499	52,287,977	6,847,498,664
	(6,635,759,742)	(1,250,039,190)	(41,426,702)	(7,927,225,634)
Results				
Segment result	204,627,818	144,456,545	14,581,203	363,665,566
	(184,065,997)	(60,642,157)	(-2,524,651)	(242,183,503)
Interest Income	-	-	17,123,540	17,123,540
	(-)	(-)	(16,219,956)	(16,219,956)
Finance cost	171,099,788	156,507,777	12,177,415	339,784,980
	(82,230,976)	(122,040,861)	(14,129,156)	(218,400,993)
Dividend Received	-	-	4,696,072	4,696,072
	(-)	-	(2,606,923)	(2,606,923)
Profit/(Loss) on sale of Investments (Net)	-	-	363,394	363,394
	(-)	-	(6,224,913)	(6,224,913)
Profit/(Loss) before taxation and exceptional items	-	-	-	46,063,592
	(-)	-	(-)	(48,834,302)
Add:- Exceptional Items	16,979,569	19,353,000	-	36,332,569
Less : Provision for taxation (including deferred tax)	-	-	-	(6,195,055)
	-	-	-	(21,171,256)
Net Profit/ (Loss) for the year	-	-	-	15,926,078
	-	-	-	(27,663,046)
Other Information				
Segment assets	3,501,498,343	2,205,570,613	1,259,401,059	6,966,470,015
	(2,626,651,122)	(2,051,233,713)	(1,074,058,226)	(5,751,943,061)
Segment liabilities	2,050,532,430	1,880,591,183	87,875,619	4,018,999,232
	(1,021,193,317)	(1,680,118,380)	(117,349,989)	(2,818,661,686)
Capital expenditure	78,674,610	80,257,603	-	158,932,213
	(387,163,837)	(159,253,775)	(58,410,296)	(604,827,908)
Depreciation	67,701,910	51,668,966	10,979,523	130,350,399
	(33,266,849)	(47,497,557)	(10,979,523)	(91,743,929)

The Company has no other segment which contributes more than 10% to the company's total revenue or profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	For the year ended 31.03.2016 (₹)	For the year ended 31.03.2016 (₹)
NOTE No- 28: Contingent liabilities		
(1) Contingent liabilities (to the extent not provided for)		
(a) Income Tax demand under appeal (Paid under Protest ₹17,00,000/- (Previous year ₹17,00,000/-))	5,548,639	3,561,524
(b) Outstanding Bank Guarantees (Net of Margin Money)	1,664,332,455	2,352,038,693
(c) Guarantees/Securities given on behalf of third parties	1,788,723,570	60,723,570
(d) Excise Duty show cause notices/demands under appeal (Paid under protest ₹35,00,000/- (Previous Year ₹ 35,00,000))	44,012,304	37,229,794
(e) Claims against the Company for Sales/Purchase Tax/ MCF & Other under litigation (Paid under protest ₹ 22,01,452/- (Previous Year ₹ 16,74,910/-))	34,168,968	20,558,424
(f) Claims against the Company for Labour Cases & Other under litigation	7,196,000	5,796,000
(g) Surety Bond given to Custom & Excise/JDFT	1,798,282,468	1,794,888,709
(h) Sale Bills discounted with recourse on the Company	22,412,908	-
(2) Commitments (to the extent not provided for)		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	9,189,252	26,601,195
(b) Other Commitments to be executed and not provided for Sales order to be executed against Government and Private Contracts	4,022,300,480	1,939,654,000
(3) Sundry creditors include acceptance		
	785,857,434	122,740,029

NOTE No-29: Trade Payable/ Receivables

(A) Balance confirmation letters has been sent to the respective parties, but no confirmation from the parties received till the signing of balance sheet.

(B) Micro, Small & Medium Enterprises & Development Act, 2006

The Company has identified Micro, Small & Medium Enterprises wherever confirmation received from them and confirms that ₹1,47,15,180 /- (Previous year ₹45,40,627/-) payable to small scale industrial undertakings and the same are not outstanding for more then 30 days.

NOTE No-30: Foreign Currency Exposures

(a) There are Derivative contracts (forward contact for hedging purposes) entered into by the company and outstanding as on March 31, 2016. Details of the same given as below:

No. of Contracts		Currency	Foreign Currency Equivalent (In Lacs)		INR Equivalents (₹ In Lacs)	
2016	2015		2016	2015	2016	2015
2	-	EURO	19.51	-	1,523.34	-
1	-	USD	4.75	-	329.03	-

(b) Foreign currency exposures that are not hedged:-

Particulars	As at 31.03.2016 (₹)	As at 31.03.2015 (₹)
Foreign Currency Payables	231,261,640	664,741,786
Foreign Currency Receivables	216,898,720	291,333,459

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE No- 31: Employee Benefits

Disclosure as required by Accounting Standard AS-15 (Revised) on Employee Benefits in respect of gratuity and leave encashment are as follows :

Net expenses recognised during the year 2015-16

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2015-16	2014-15	2015-16	2014-15
	Current Service Cost	1,349,038	1,800,493	2,830,292
Interest Cost	824,208	843,544	5,415,248	5,607,977
Expected return on plan assets	-	-	-	-
Actuarial Losses / (Gains)	(1,054,517)	235,985	761,832	4,168,773
Past Service Cost	-	-	-	-
Net benefit expenses	1,118,729	2,880,022	9,007,372	13,346,385

Net assets/(Liability) recognized in Balance Sheet as at 31st March, 2016

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2015-16	2014-15	2015-16	2014-15
	Present Value of Defined Benefit Obligation as on 31.3.2016	8,432,189	10,690,393	54,294,137
Fair Value of plan assets	-	-	-	-
Funded status - Deficit	(8,432,189)	(10,690,393)	(54,294,137)	(69,628,044)
Unrecognised Past Service Costs	-	-	-	-
Net liabilities recognized in Balance Sheet	(8,432,189)	(10,690,393)	(54,294,137)	(69,628,044)

Change in the obligation over the year ended 31st March, 2016

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2015-16	2014-15	2015-16	2014-15
	Present Value of Defined Benefit Obligation as on 1st April, 2015	10,690,393	10,318,520	69,628,044
Interest Cost	824,208	843,544	5,415,248	5,607,977
Past Service Cost	-	-	-	-
Current Service Cost	1,349,038	1,800,493	2,830,292	3,569,635
Benefits Paid	(3,376,933)	(2,508,149)	(24,341,279)	(12,012,917)
Actuarial (Gain) / loss on obligation	(1,054,517)	235,985	761,832	4,168,773
Present Value of Defined Benefit Obligation as on 31st March, 2016	8,432,189	10,690,393	54,294,137	69,628,044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Change in fair value of Plan Assets

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2015-16	2014-15	2015-16	2014-15
Fair Value of plan assets as on 01.04.2015				
Actual return on plan assets	-	-	-	-
Contribution	-	-	-	-
Benefits paid	-	-	-	-
Fair Value of plan assets as on 31.03.2016	-	-	-	-

Major actuarial assumption

Particulars	Segment	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
		2015-16	2014-15	2015-16	2014-15
Discount Rate (based on the market yields available on Government bonds at the accounting date with term that matches that of the liabilities)	Conductor & Cable Insulators	7.75 % 8%	7.75 % 7.90 %	7.75 % 8%	7.75 % 7.90 %
Salary increase (Taking into account inflation, seniority, promotion and other relevant factors)	Conductor & Cable Insulators	3.00 % 5%	3.00 % 5.00 %	3.00 % 5%	3.00 % 5.00 %

Expected rate of return on assets

Provident Fund & Employees' State Insurance

The Company makes contribution to statutory Provident Fund & Employees' State Insurance in accordance with Employees' Provident Fund and Miscellaneous Provision Act, 1952 & Employees' State Insurance Act, 1948. This is post employment benefit and is in the nature of defined contribution plan. Contribution made by the Company during the year is ₹ 1,60,71,696/- (Previous Year ₹ 1,78,47,846/-).

NOTE No-32: Related party disclosures, as required by AS-18 "Related Party Disclosures" are given below :

List of related parties

Parties which control the company :

Carbo Industrial Holdings Ltd.
Hindusthan Consultancy & Services Ltd.
Pradyumna Steels Ltd.
Promain Ltd.

Related parties in broader sense of the term :

Hindusthan Engineering & Industries Ltd. (HEIL)
Jai Commercial Co.Ltd.,
Mody Investment & Mfg.Co.Pvt.Ltd.
Hindusthan Speciality Chemicals Ltd. (Wholly owned Subsidiary Company)
Hindusthan Vidyut Products Ltd. (Wholly owned Subsidiary Company)
Hindusthan Projects Ltd. (Wholly owned Subsidiary Company)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Adarsh Commercial Co.Ltd.

Mody Education Foundation

Mrs. Nirmala Bhuwania (W/o Vice Chairman and Managing Director)

Mrs. Sanchita Mody, Advisor - Corporate Planning (W/o Promoter Director)

Directors / Key Management Personnel :

Mr. R.P.Mody, Promoter & acting in concert

Mr. V.A.Mody, Promoter Director

Mr. S.S.Bhuwania, Vice Chairman and Managing Director

Mr. M.L. Birmiwala, Sr.V.P. Finance & Company Secretary

Mr. Anil Kumar Chandani, Chief Financial Officer (w.e.f. 01-04-2016)

Mr. Deepak Kejriwal, Chief Financial Officer (up to 31-03-2016)

The following transactions were carried out with the related parties in the ordinary course of business.

Other than Directors / Key Management personnel

	For the year ended 31.03.2016	For the year ended 31.03.2015
	(₹)	(₹)
Sale of goods		
Modi Education Foundation	-	639,854
Sale of capital goods		
Hindusthan Speciality Chemicals Ltd	1,079,607	56,265,125
Mody Education Foundation	50,000	98,674
Leasing of Immovable Property		
Promain Limited	3,362,533	3,359,325
Mrs. Nirmala Bhuwania	1,080,000	1,080,000
Interest Received		
Hindusthan Vidyut Products Ltd	220,000	13,260
Interest Paid		
Hindusthan Engineering Industries Ltd	57,026,527	49,167,944
Loan Amount - Received		
Hindusthan Engineering Industries Ltd	105,218,000	71,929,000
Loan Amount - Given		
Hindusthan Vidyut Products Ltd	-	2,200,000
Guarantees and collaterals by the Company		
Hindusthan Engineering Industries Ltd	60,723,570	60,723,570
Hindusthan Speciality Chemicals Ltd	1,728,000,000	-
Outstanding - Receivable		
Mody Education Foundation	50,000	98,674
Hindusthan Vidyut Products Ltd	2,200,000	2,200,000
Outstanding - Payable		
Hindusthan Engineering Industries Ltd	781,820,259	625,416,057
Investment in Equity Shares-Wholly owned Subsidiary Co.		
Hindusthan Speciality Chemicals Ltd	168,300,000	333,000,000
Hindusthan Vidyut Products Ltd	-	500,000
Hindusthan Projects Ltd	500,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	For the year ended 31.03.2016 (₹)	For the year ended 31.03.2015 (₹)
CSR Contribution		
Mody Education Foundation	1,500,000	-
With Directors / Key Management Personnel :		
Remuneration / Sitting Fee		
Mr. S S Bhuwania	11,988,000	4,953,000
Mr. R P Mody	60,000	30,000
Mr. V.A. Mody	10,000	25,000
Mrs. Sanchita Mody	4,338,017	3,249,000

NOTE No- 33: Pre-operative expenditure which has been capitalised and that carried forward under capital work in progress is as under :

Finance costs	9,822,570	32,161,140
Other Expenses	82,539,965	187,712,754
	<u>92,362,535</u>	<u>219,873,894</u>
Add : Brought forward from Previous year	228,245,095	82,006,529
	<u>320,607,630</u>	<u>301,880,423</u>
Less : Capitalised as part of		
Plant & Machinery	156,392,419	35,853,001
Buildings	93,689,090	7,747,360
Others	244,815	30,034,967
Transferred to Investment (Site development-Bangalore)	64,726,649	
Carried forward under Capital work in progress	<u>5,554,657</u>	<u>228,245,095</u>

NOTE No-34: Tax Expenses:-

(A) CURRENT TAX

Current tax for the year	1,027,000	10,300,000
Add:- For earlier years Short/ (Excess) Provision	(6,195,055)	(3,781,744)
LESS:- MAT Credit entitlement	1,027,000	1,115,000
NET CURRENT TAX	<u>(6,195,055)</u>	<u>5,403,256</u>

	Opening As At 01.04.2015 (₹)	Charge/(Credit) During the Year (₹)	Closing As At 31.03.2016 (₹)
(B) DEFERRED TAX			
Depreciation	248,864,000	-	248,864,000
Provision for Gratuity / Leave Encashment	(26,060,000)	-	(26,060,000)
Others	(635,000)	-	(635,000)
	<u>222,169,000</u>	<u>-</u>	<u>222,169,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	For the year ended 31.03.2016 (₹)	For the year ended 31.03.2015 (₹)
NOTE No-35: Earning Per Share:-		
Earnings per share (EPS) The numerators and denominators used to calculate Basic and Diluted Earnings per share :		
Profit/ (Loss) attributable to the Equity Shareholders (₹)		
Before extraordinary items (A)	52,258,647	27,663,046
After extra ordinary items	15,926,078	27,663,046
Basic/weighted average number of equity shares		
outstanding during the year (B)	1,442,885	1,442,885
Nominal value of Equity Share (₹)	10	10
Basic/Diluted EPS (₹)		
On Profit before extra ordinary items	36.22	19.17
On Profit after extra ordinary items	11.04	19.17

NOTE No- 36: Other Disclosures to Profit and Loss Statement:-

(1) NET GAIN/(LOSS) ON FOREIGN EXCHANGE

SUNDRY DEBTORS

For Export

17,704,289

20,513,953

SUNDRY CREDITORS

For Import

(7,179,761)

(17,418,666)

For FCLR LOAN/ PCFC

(2,802,191)

648,493

For Machinery

-

-

7,722,337

3,743,780

(2) PAYMENT TO AUDITORS

- Audit fees

175,000

175,000

- Out of Pocket Expenses

36,745

30,627

- Tax Audit

30,000

30,000

- For Certification

102,213

94,000

343,958

329,627

(3) (I) RAW MATERIAL

PARTICULARS

CONSUMPTION For the year ended 31.03.2016

CONSUMPTION For the year ended 31.03.2015

	(₹)	(₹)
Aluminium	3,566,231,153	5,128,482,997
Steel	585,898,113	448,152,012
PVC Compound	769,417	78,321,406
Copper	14,381,681	28,465,365
Zinc	28,266,682	34,761,188
Clay/Powder	199,902,413	111,214,612
Metal Parts	241,226,016	176,996,693
Others	55,746,573	4,061,624
TOTAL	<u>4,692,422,048</u>	<u>6,010,455,897</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(II) FINISHED GOODS

PARTICULARS	For the Year Ended 31.03.2016			For the Year Ended 31.03.2015		
	SALES VALUE	CLOSING INVENTORY	OPENING INVENTORY	SALES VALUE	CLOSING INVENTORY	OPENING INVENTORY
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Conductors, Strips	5,462,196,948	194,611,825	31,373,671	6,896,134,957	31,373,671	167,512,710
High Tension Insulators	1,901,009,158	56,076,047	48,819,888	1,365,672,810	48,819,888	51,896,891
Electrical Energy	30,104,971	-		16,374,910		
Miscellaneous	32,203,809	4,607,711	1,795,640	83,026,596	1,795,640	246,636
TOTAL	7,425,514,886	255,295,583	81,989,199	8,361,209,273	81,989,199	219,656,237

(III) WORK IN PROGRESS

PARTICULARS	As at 31.03.2016	As at 31.03.2015
	(₹)	(₹)
Aluminium	11,477,784	1,118,642
Steel	2,516,342	1,070,532
Insulators	261,816,758	203,955,526
Others	245,955	39,151
TOTAL	276,056,839	206,183,851

(4) AGGREGATE OF PROVISIONS, CONTINGENCIES OR COMMITMENT WRITTEN BACK AS NO LONGER REQUIRED

PARTICULARS	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	(₹)	(₹)
EPS Employer Contribution	-	367,885
Sundry Debtors Credit Balance Written off	-	111,381
Sundry Credit Balance Written off	1,761,940	1,117,756
Carriage Inwards/ Outward	501,410	-
Rates & Taxes (LADT)	-	9,616,891
Entry Tax	295,523	-
Provision for Bonus and Others etc.	328,871	66,000
TOTAL	2,887,744	11,279,913

(5) VALUE OF IMPORTS CALCULATED ON C.I.F BASIS

Raw Material	246,382,295	991,657,870
Components & Spare Parts	5,564,924	4,642,247
Capital Goods	2,981,569	20,954,358

(6) EXPENDITURE IN FOREIGN CURRENCY

Travelling	3,848,812	2,340,357
Interest	16,635,434	52,154,662
Commission	10,904,684	1,262,048
Others	1,891,515	8,274,077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(7) VALUE OF IMPORTED/INDIGENOUS MATERIAL CONSUMED DURING THE YEAR ALONGWITH %

PARTICULARS	For the Year Ended 31.03.2016		For the Year Ended 31.03.2015	
		(₹)		(₹)
IMPORTED				
Raw Materials	6.03%	283,097,220	16.99%	1,021,214,985
Stores and Spare Parts	2.43%	3,734,905	7.74%	8,086,278
INDIGENOUS				
Raw Materials	93.97%	4,409,324,828	83.01%	4,989,240,912
Stores and Spare Parts	97.57%	150,034,484	92.26%	96,349,233

(8) EARNINGS IN FOREIGN EXCHANGE

Exports (F.O.B.)	498,243,782	74,689,081
Freight & Insurance on Export	1,370,831	1,724,618
Interest Received	-	-
Earning by Sale under Global Tender in India	391,391,612	3,668,021,973

(9) PROPOSED DIVIDEND

Proposed Dividend	1,442,885	1,442,885
Tax on Dividend	293,737	293,786
	<u>1,736,622</u>	<u>1,736,671</u>

(10) The company has identified areas for CSR activities as promoting education, rural development, eradication of hunger, poverty & malnutrition. The funds amounting ₹ 20.85 lacs have been spent during the year on these activities which are specified in the Schedule VII of the companies Act, 2013.

(11) Previous year figures re-grouped or re-arranged wherever required, to make them comparable.

(12) The company is subject to statutory legal proceedings and claims, which have arisen in the ordinary course of business. The company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the company's results.

As per our report of even date
For K M AGARWAL & CO.
Chartered Accountants
FRN: 000853N

Sd/-
R.P. Mody
(DIN No.00140503) Director

Sd/-
D K AGARWAL
Partner
M.No.16952

Place: New Delhi
Date: 23rd May, 2016

Sd/-

M.L. Birmiwala
Sr.V.P. Finance & Co. Secy.

Sd/-

Anil Kr. Chandani
Chief Financial Officer

Sd/-

S.S. Bhuwania
(DIN No.00107171)

Vice Chairman and
Managing Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HINDUSTHAN URBAN INFRASTRUCTURE LIMITED (Formerly Hindusthan Vidyut Products Limited)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Hindusthan Urban Infrastructure Limited ('the Holding Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act"), that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of The Company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and irregularities. This responsibility also includes design, implementation and maintenance of adequate internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provision of the Act and the rules made there under. We conducted our Audit in accordance with the Standards on auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consolidation of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2016;
- (ii) in the case of the consolidated statement of profit and loss, of the loss for the year ended on that date; and
- (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of the Subsidiary Companies Hindusthan Speciality Chemicals Limited (HSCL), Hindusthan Vidyut Products Limited (HVPL) and Hindusthan Projects Limited (HPL). The financial statements of HSCL reflect total assets of ₹ 5423.41 lac as at 31st March, 2016, the total revenue of ₹ 624.46 lac and net cash outflow amounting

INDEPENDENT AUDITORS' REPORT (Contd.)

to ₹ 643.65 lac for the year ended 31st March, 2016. The financial statements of HVPL reflect total assets of ₹ 0.27 lac as at 31st March, 2016, the total revenue of ₹ NIL and net cash outflow amounting to ₹ 2.55 lac for the year ended 31st March, 2016. The financial statements of HPL reflect total assets of ₹ 4.37 lac as at 31st March, 2016, the total revenue of ₹ NIL and net cash inflow amounting to ₹ 4.37 lac for the year ended 31st March, 2016. These financial statements and other financial information have been audited by other auditor whose reports have been furnished to us by the Management, and our opinion is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. No Company in the Group has any Long Term contracts including Derivative contracts for which there were any material foreseeable losses and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and subsidiary companies incorporated in India.

For K. M. Agarwal & Co.
Chartered Accountants
Firm's registration number: 000853N

Place: New Delhi
Date : 23rd May, 2016

Sd/-
(D.K. Agarwal)
Partner
Membership number: 016952

INDEPENDENT AUDITORS' REPORT (Contd.)

Annexure - A to the Auditors' Report

Referred to in Para '1(f)' 'Report on Other Legal and other Regulatory Requirements' in our Independent Auditors' Report the members of the Company on the Consolidated Financial Statements for the year ended 31 March 2016.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of **Hindusthan Urban Infrastructure Limited** ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

INDEPENDENT AUDITORS' REPORT (Contd.)

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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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 31 March 2016, 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 K. M. Agarwal & Co.
Chartered Accountants
Firm's registration number: 000853N

Place : New Delhi
Date : 23rd May, 2016

Sd/-
(D.K. Agarwal)
Partner
Membership number: 016952

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

	Note No.	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	14,428,850	14,428,850
(b) Reserves and Surplus	3	2,687,688,812	2,692,492,526
Minority Interest		-	-
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	463,106,461	421,538,156
(b) Deferred Tax Liabilities (Net)	5	223,838,868	219,691,338
(c) Long Term Provisions	6	51,367,490	60,644,312
(3) Current Liabilities			
(a) Short-Term Borrowings	7	1,639,899,748	1,377,362,997
(b) Trade Payables	8	1,417,188,141	529,736,947
(c) Other Current Liabilities	9	410,849,647	379,349,367
(d) Short-Term Provisions	10	46,890,100	53,461,224
Total		<u>6,955,258,117</u>	<u>5,748,705,717</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		2,379,646,656	1,670,626,235
(ii) Intangible Assets		3,251,878	3,054,770
(iii) Capital Work-in-Progress		275,387,481	920,280,516
(iv) Intangible Assets under development		560,843	-
(b) Non-Current Investments	12	356,884,372	258,562,539
(c) Long Term Loans and Advances	13	190,108,848	159,007,599
(d) Other Non-Current Assets	14	47,893,418	45,369,213
(2) Current assets			
(a) Current Investments	20	21,500,000	-
(b) Inventories	15	768,562,640	484,201,395
(c) Trade Receivables	16	2,512,894,047	1,669,839,394
(d) Cash and cash equivalents	17	94,096,295	183,334,204
(e) Short-Term Loans and Advances	18	297,861,315	344,624,894
(f) Other Current Assets	19	6,610,324	9,804,958
Total		<u>6,955,258,117</u>	<u>5,748,705,717</u>
Significant Accounting Policies	1		

The accompanying notes no's 1 to 37 are integral part of the financial statements.

As per our report of even date

For K M AGARWAL & CO.

Chartered Accountants

FRN: 000853N

Sd/-
R.P. Mody
(DIN No.00140503)

Director

Sd/-
D K AGARWAL

Partner
M.No.16952

Sd/-

Sd/-

Sd/-

Place: New Delhi

M.L. Birmiwala

Anil Kr. Chandani

S.S. Bhuwania

Vice Chairman and

Date: 23rd May, 2016 Sr.V.P. Finance & Co. Secy.

Chief Financial Officer

(DIN No.00107171)

Managing Director

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note No.	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
I. Revenue from Operations			
Revenue from Operations (Gross)		7,569,977,541	8,377,786,764
Less: Excise Duty		712,096,359	492,039,858
Net Revenue from Operations	21	6,857,881,182	7,885,746,906
II. Other Income	22	51,843,765	45,016,068
III. Total Revenue (I +II)		<u>6,909,724,947</u>	<u>7,930,762,974</u>
IV. Expenses:			
Cost of Materials Consumed	23	4,715,315,665	6,010,455,897
Purchase of Stock-In-Trade		56,538,371	2,008,755
Changes in Inventories of Finished goods, Work-in-Progress, Stock in trade & Scrap	24	(269,115,907)	103,698,611
Employee Benefit Expense	25	314,701,181	295,949,491
Finance Costs	26	339,984,761	218,416,431
Depreciation and Amortization Expense		135,112,254	91,743,929
Other Expenses	27	1,585,970,670	1,167,058,575
Total Expenses		<u>6,878,506,995</u>	<u>7,889,331,689</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		31,217,952	41,431,285
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		31,217,952	41,431,285
VIII. Extraordinary Items		(36,332,569)	-
IX. Profit/(Loss) before tax (VII - VIII)		<u>(5,114,617)</u>	<u>41,431,285</u>
X. Tax expense:- (Refer Note No. 35)			
Current tax		(6,195,055)	5,403,256
Deferred tax		4,147,530	13,480,468
XI. Profit(Loss) for the period after tax (IX-X)		<u>(3,067,092)</u>	<u>22,547,561</u>
XII. Minority Interest		-	-
XIII. Profit(Loss) for the period from continuing operations (XI-XII)		<u>(3,067,092)</u>	<u>22,547,561</u>
XIV. Earning per equity share:- (Refer Note No.36)			
(1) Basic		(2.13)	15.63
(2) Diluted		(2.13)	15.63

The accompanying notes no's 1 to 37 are integral part of the financial statements.

As per our report of even date
For K M AGARWAL & CO.
Chartered Accountants
FRN: 000853N

Sd/-
R.P. Mody
(DIN No.00140503)

Director

Sd/-
D K AGARWAL
Partner
M.No.16952

Sd/-

Sd/-

Sd/-

Place: New Delhi
Date: 23rd May, 2016

M.L. Birmiwala
Sr.V.P. Finance & Co. Secy.

Anil Kr. Chandani
Chief Financial Officer

S.S. Bhuvania
(DIN No.00107171)

Vice Chairman and
Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended March 31, 2016	For the year ended March 31, 2015
	(₹)	(₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax & Extraordinary Items	31,217,952	41,431,286
<u>Adjustment for :</u>		
Depreciation	135,112,254	91,743,929
Unrealised Foreign Exchange Loss/(Gain)	(2,900,709)	(1,138,800)
Finance Cost	339,984,761	218,400,993
Provision for Liquidated Damages/ Bad Debts Written off	3,772,395	849,448
Extra Ordinary Items	(36,332,569)	-
Rates and Taxes (Wealth Tax)	63,500	1,561,600
Interest Income	(23,849,727)	(16,219,956)
Dividend Income	(4,696,072)	(2,606,923)
Loss/(Profit) on Sale of Fixed Assets	(1,489,249)	(1,051,594)
Loss/(Profit) on Sale of Investment	(363,394)	(6,224,913)
Operating Profit Before Working Capital Changes	440,519,142	326,745,070
<u>Add/Less: (Increase)/Decrease in Current Assets</u>		
Trade Receivables	(845,321,739)	781,740,866
Loans & Advances	45,678,906	(84,749,348)
Inventories	(284,361,246)	290,863,951
<u>Add/Less: Increase/(Decrease) in Current Liabilities</u>		
Current Liabilities & Provisions	847,854,632	(886,493,955)
Operating Profit After Working Capital Changes	204,369,695	428,106,584
Direct Tax Paid (net of refund)	11,376,754	1,220,779
Rates & taxes (Wealth Tax Paid)	1,263,500	931,600
Net Cash from Operating Activities	<u>191,729,441</u>	<u>425,954,205</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(351,626,392)	(808,989,180)
Sale of Fixed Assets	12,189,105	45,361,104
Purchase of Investment	(55,303,297)	(29,384)
Sale of Investment	5,155,157	71,968,525
Interest Received	29,318,359	18,818,611
Dividend Received	4,696,072	2,606,923
Long term Loans & Advances	(3,500,780)	(796,200)
Capital Subsidy	14,294,795	36,352,149
Loan to Others - Given (Received)	(3,496,952)	571,360
Net Cash from Investing Activities	<u>(348,273,933)</u>	<u>(634,136,092)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds From Short Term Borrowings	211,212,877	226,937,561
Proceeds From Long Term Borrowings	164,982,034	161,801,790
Payment of Long term Borrowings	(28,793,729)	15,373,410
Finance Cost Paid (Net of interest capitalised)	(278,373,240)	(173,000,617)
Dividend Paid (including DDT)	(1,721,361)	(1,633,314)
Net Cash from Financing Activities	<u>67,306,581</u>	<u>229,478,830</u>
Net Increase/ (Decrease) in cash & cash Equivalent	(89,237,909)	21,296,943
Cash & cash Equivalent at Beginning of the Year	183,334,204	162,037,261
Cash & cash Equivalent at End of the Year	94,096,295	183,334,204

As per our report of even date
For K M AGARWAL & CO.
Chartered Accountants
FRN: 000853N

Sd/-
D K AGARWAL
Partner
M.No.16952

Place: New Delhi
Date: 23rd May, 2016

Sd/-

M.L. Birmiwala
Sr.V.P. Finance & Co. Secy.

Sd/-

Anil Kr. Chandani
Chief Financial Officer

Sd/-

R.P. Mody
(DIN No.00140503)

Director

Sd/-

S.S. Bhuwania
(DIN No.00107171)

Vice Chairman and
Managing Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1 Components of Hindusthan Urban Infrastructure Limited

The Consolidated Financial Statements represent consolidation of accounts of Hindusthan Urban Infrastructure Limited and its subsidiary company as stated below:

Name of the Subsidiary	Country of Incorporation	Share Holding Percent
1. Hindusthan Speciality Chemicals Limited	India	100.00%
2. Hindusthan Vidyut Products Limited	India	100.00%
3. Hindusthan Projects Limited	India	100.00%

2 Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, and in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013, Accounting Standards notified under the Companies (Accounting Standard) Rules 2006.

3 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that may affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and differences, if any, are recognised in the period in which the results are known / materialised.

4 Current & non-current classification:

The assets and liabilities are classified into current and non-current.

Assets

As asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the portion of non current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

5 Principles of Consolidation:

The Consolidated financial statements relate to the Hindusthan Urban Infrastructure Limited with its subsidiary. In the preparation of these consolidated financial statements, investment in subsidiary has been accounted for in accordance with the provisions of Accounting Standard - 21 (Consolidated Financial Statements). The financial statement of the subsidiary company has been drawn up to the same reporting period as of Hindusthan Urban Infrastructure Limited. The Consolidated Financial Statements are prepared on the following basis:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

- i. The financial statements of the company and its subsidiary company has been consolidated on a line-to-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all the significant intra-group balances and intra-group transactions and also unrealised profits or losses in accordance with Accounting Standard- 21 (Consolidated Financial Statements)
- ii. The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. The financial statements of the subsidiary company is adjusted for the accounting policies followed by the company.
- iii. The difference between the cost to the company of its investment in subsidiaries and its proportionate share in the equity of the investee company at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

6 Revenue Recognition

Revenue is recognized, when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods. Sales is net of taxes, rebate, discount, claims and other non recoverables. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

7 Employee Benefits

- (i) Expenses and Liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the ICAI.
- (ii) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (iii) Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

8 Excise Duty

The excise duty liability in respect of closing inventory of finished goods is provided for and included as part of inventory. The amount of CENVAT credits in respect of materials consumed for sales is deducted from cost of materials consumed. Amount of custom duty paid on raw materials (including in transit) is included in the value thereof.

9 Research & Development

Revenue expenditure on Research and Development is charged to the Profit and Loss account in the year in which it is incurred. Capital expenditure is shown as depreciable fixed asset.

10 Tangible Fixed Assets

Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

11 Intangible Fixed Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation / depletion. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalised.

12 Depreciation and Amortisation

Depreciation is provided on straight line method as follows:-

- (i) On the original cost of fixed assets as per the useful lives and in the manner prescribed under Part C of Schedule II of The Companies Act, 2013.
- (ii) On increase in value due to revaluation on the basis of remaining useful life as estimated by the valuer, the corresponding amount is directly transferred to General Reserve from Revaluation Reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(iii) For Intangible Assets where life is not available, maximum life of 10 years is considered.”

13 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

14 Foreign Currency Transactions

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- (c) Non monetary foreign currency items are carried at cost.
- (d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

15 Investments

Investments are classified as long term or current based on the Management's intention at the time of purchase. Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments are made only if there is a decline is other than temporary phenomenon. Current investments are carried at lower of cost and quoted/fair value, computed category wise.

16 Inventories

Inventories are stated at lower of cost or net realisable value. The cost for the purpose of valuation is computed on the basis of weighted average price in case of Conductors and Cables Division & Chemical division and in case of Insulators Division on the basis of First-in-First out (FIFO). The cost of work-in-progress (other than those lying at third party manufacturing sites which is valued at material cost) and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and estimated selling expenses.

17 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

18 Government Grants

Grants received from the government agencies for the specific fixed assets are shown as deduction in the year of receipt from the gross value of the asset concerned and thus recognized over the remaining useful life of the depreciable asset by way of reduced depreciation charge. Capital Subsidy/Grants received from the government are considered as Capital Reserve as per Accounting Standard - 12. Revenue grants are recognised as Other Income or deducted in reporting the related expenses where such benefits have been earned by the enterprise and it is certain that ultimate realisability is certain.

19 Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-Tax Act, 1961. Deferred tax as per Accounting Standard -22 , resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future. Deferred tax assets /Deferred tax liabilities are not recognised if timing differences are expected to reverse during the tax holiday period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

20 Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

21 Provision and Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in notes to Financial Statements. Contingent Assets are neither recognized nor disclosed in financial statements.

I. EQUITY AND LIABILITIES

As At 31.03.2016

As At 31.03.2015

(₹)

(₹)

(1) Shareholder's Funds

NOTE NO - 02: - Share Capital

(a) AUTHORISED

25,00,000 Equity Shares of ₹ 10/-each.

25,000,000

25,000,000

(b) ISSUED

14,43,000 Equity Shares of ₹ 10/-each.

14,430,000

14,430,000

(c) SUBSCRIBED AND FULLY PAID UP

14,42,885 Equity Shares of ₹ 10/-each.

14,428,850

14,428,850

14,428,850

14,428,850

(d) RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING

	No of Shares	Amount	No of Shares	Amount
Opening Balance	1,442,885	14,428,850	1,442,885	14,428,850
Add:- Addition during the Year	-	-	-	-
Less:- Deletion during the Year	-	-	-	-
Closing Balance	1,442,885	14,428,850	1,442,885	14,428,850

(e) Terms / rights attached to equity shares

The company has issued only one class of equity shares having a par value of ₹ 10 each. Each equity share holder 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 remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year ended March 31, 2016 the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1/-.

(f) SHAREHOLDERS HOLDING MORE THAN 5%

NAME OF SHAREHOLDER

As on 31.03.2016

As on 31.03.2015

No. of
Shares

No. of
Shares

% of Share
holding

% of Share
holding

M/s Hindusthan Consultancy & Services Ltd.

708,825

49.13%

708,825

49.12%

M/s Carbo Industrial Holdings Ltd

132,820

9.21%

132,820

9.21%

M/s Promain Ltd

117,900

8.17%

117,900

8.17%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)	
Note No-3:-Reserves and Surplus			
(a) Capital Redemption Reserve	2,643,500		2,643,500
(b) Revaluation Reserve	3,014,882		12,080,388
Less:- Reserve adjusted due to revised Depreciation rates	-		9,063,783
Less:- Transferred to General Reserve	1,723		1,723
	<u>3,013,159</u>	3,013,159	<u>3,014,882</u>
(c) General Reserve	2,580,416,737		2,563,430,467
Add/(Less):- Transferred from/(To) Profit and Loss A/c	(4,803,714)		21,919,490
Depreciation adjustment	-		(4,934,943)
Transferred from Revaluation Reserve	1,723		1,723
	<u>2,575,614,746</u>	2,575,614,746	<u>2,580,416,737</u>
(d) Capital Reserve	106,417,407		70,065,258
Add:- Reserve on Government Subsidy	-		36,352,149
	<u>106,417,407</u>	106,417,407	<u>106,417,407</u>
(e) Profit & Loss Account	-		1,108,600
Add:- Profit / (Loss) for the year	(3,067,092)		22,547,561
Transferred from General Reserve	4,803,714		-
Less:- Appropriations			
Transferred to General Reserve	-		21,919,490
Proposed Dividend on Equity	1,442,885		1,442,885
Tax on Dividend	293,737		293,786
	<u>2,687,688,812</u>		<u>2,692,492,526</u>

(2) Non Current Liabilities

Note No-4:-Long Term Borrowings

Term Loan (Secured): From Banks			
11.65% Term Loan (Rupee Loan) *	447,094,402		186,976,290
Less:- Current Maturities	<u>90,535,362</u>	356,559,040	<u>40,036,000</u>
6.385% Term Loan (FCLR)			153,085,519
Less:- Current Maturities	-		<u>5,300,000</u>
13.70% Term Loan (Rupee Loan)			802,097
Less:- Current Maturities	-		<u>802,097</u>
6.345% Term Loan (FCLR)			33,845,250
Less:- Current Maturities	-		<u>33,845,250</u>
16.20% Term Loan (Rupee Loan)**	115,000,000		112,901,288
Less:- Current Maturities	<u>18,279,000</u>	96,721,000	-
10.14% Term Loan (Rupee Loan)#	13,911,059		17,603,153
Less:- Current Maturities	<u>4,084,638</u>	9,826,421	<u>3,692,094</u>
	<u>463,106,461</u>		<u>421,538,156</u>

*11.65% Term Loans from Canara Bank, New Delhi of ₹12,39,00,000/- & ₹11,95,92,500/- is repayable in 108 & 96 monthly instalments starting from 01.08.2010 and 01.02.2011 respectively. The loan is secured by first charge on Assets created out of 4 nos. Wind Turbine Generator (WTGs) at Rajasthan and land at WTG site and Term Loan for ₹12,95,00,000/- taken for Guwahati Project is repayable in 16 half yearly instalments starting from 01.08.2012. The

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

loan is secured by first charge on Land, Building and P&M created out of the loan. Term loan of ₹ 45,00,00,000/- is sanctioned on 14.08.2015 by canara bank, New Delhi for our Khurda Project at 11.65% against which ₹ 32,20,34,112/- availed. The said loan is repayable in 32 quarterly structured instalments starting from quarter ending december 2015 and ending on quarter ending september 2023. The loan is secured by exclusive charge on land & building and other fixed/movable/immovable assets situated at Village-Champajhara, Distt- Khurda, Bhubaneswer.

**16.20% Term Loan from SBI is secured by 1st Charge on fixed assets created out of the Loan.

#10.14% car loan of ₹ 2,09,30,000/- from ICICI Bank is repayable in 59 equal monthly instalments starting from 10.06.2014.

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)
Note No-5:-Deferred Tax Liabilities (Net)		
Deferred tax Liabilities	250,533,868	248,864,000
Less:- Deferred tax Assets	26,695,000	29,172,662
	<u>223,838,868</u>	<u>219,691,338</u>

Note No-6:-Long Term Provisions

(I) Employee Benefits	48,851,370	58,128,192
(II) (a) Statutory - Local Area Development Tax	-	-
(b) Others : Debtors under Litigation	2,516,120	2,516,120
	<u>51,367,490</u>	<u>60,644,312</u>

(3) Current Liabilities

Note No-7:-Short-term borrowings

(I) Working Capital Facilities from Banks- Secured*		
Foreign Currency loan #		
PCFC Loan	20,399,961	56,303,422
Buyer's Credit Loan	177,615,964	377,605,396
Rupee loan #		
10 % Export Packing Credit	31,241,801	-
Cash Credit	773,925,898	412,885,015
(II) Loan & Advances - From Related Parties -Unsecured		
- Hindusthan Engineering & Industries Ltd.	636,716,124	530,569,164
	<u>1,639,899,748</u>	<u>1,377,362,997</u>

*Working Capital Facilities from Canara Bank for the Cable & Conductor Division are Secured against hypothecation of stocks, book debts and plant & machinery both present & future at Faridabad, Gwalior and Guwahati Unit and equitable mortgage of land and building at Faridabad and Gwalior against which drawing is ₹ 42,42,47,896/- (previous year ₹ 26,34,78,328/-)

Working capital facilities from State Bank of India, Bhopal Branch for the Insulator division are secured against hypothecation of stocks and book debts and secured collaterally by way of second charge on fixed assets of insulators division against which drawing is ₹ 42,25,45,937/- (previous year ₹ 42,83,66,174/-)

#Interest rate varies from 1% to 5% per annum on foreign currency denominated working capital facilities and it varies from 9% to 13% on rupee denominated working capital facilities.

Note No-8:-Trade Payables

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As At 31.03.2016	As At 31.03.2015
	(₹)	(₹)
For Goods & Services - Micro Small & Medium Enterprises (Refer Note No. 30(B))	14,715,180	4,540,627
- Others (Refer Note No. 30(A))	1,402,472,961	525,196,320
	<u>1,417,188,141</u>	<u>529,736,947</u>

Note No-9:-Other Current Liabilities

(I) Current Maturities of Long term Debt		
11.65% Term Loan from a Bank (Rupee Loan)	90,535,362	40,036,000
6.385% Term Loan from a Bank (FCLR)	-	5,300,000
10.14% ICICI Bank Term Loan - Car Loan	4,084,638	3,692,094
13.70% Term Loan from a Bank (Rupee Loan)	-	802,097
16.20% Term Loan from a Bank (Rupee Loan)	18,279,000	-
6.345% Term Loan from a Bank (FCLR)	-	33,845,250
Unsecured Loan (Sales Tax Deferment)	7,604,039	7,604,039
(II) Interest accrued but not due on borrowings	157,234,154	95,760,304
(III) Unclaimed dividend	515,139	499,879
(IV) Other Payables		
(a) Creditors For Capital Goods	23,118,188	80,023,634
(b) Advance From Customers	21,203,716	66,512,271
(c) Statutory		
Income Tax (TDS)	12,331,289	10,985,681
Excise Tax	63,355,947	16,921,441
Sales Tax	11,366,960	1,441,853
Others	1,120,601	4,595,816
(d) Other Deposits		
From Related Parties - Hindusthan Engineering & Industries Ltd.	-	928,960
Other Deposit - Trade/Service Deposits	100,614	10,400,048
	<u>410,849,647</u>	<u>379,349,367</u>

Note No-10:-Short Term Provisions

(I) Employee Benefits	43,834,130	48,634,002
(II) Others		
Liquidated Damages	259,195	2,438,972
Proposed Dividend	1,442,885	1,442,885
Tax on Dividend	293,737	293,786
Others	1,060,153	651,579
	<u>46,890,100</u>	<u>53,461,224</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

II. ASSETS

Note No-11: Fixed Assets

Non-current assets	GROSS BLOCK						Depreciation			Net Block	
	Cost/value as at 1st April, 2015	Additions during the Year	Deduct Cost/Value of Assets sold during the year	Other Adjustments during the year	Total Cost/Value to 31st March 2016	Depreciation as at 1st April, 2015	Depreciation Provided during the year #	Depreciation adjusted on Assets sold during the year	Total Depreciation to 31st March 2016	31.03.2016	31.03.2015
(I) TANGIBLE ASSETS											
Land											
Free hold	146,748,903	-	-	-	146,748,903	-	-	-	-	146,748,903	146,748,903
Lease hold	82,581,717	8,122,704	-	-	90,704,421	2,904,209	1,106,046	-	4,010,255	86,694,166	79,677,508
Building	545,635,275	299,659,244	1,724,515	-	843,570,004	149,021,562	29,091,239	193,514	177,919,287	665,650,717	396,613,713
Plant & Machinery	1,899,868,843	522,375,968	32,472,049	14,308,554	2,375,464,208	904,747,790	94,780,262	26,861,041	972,667,011	1,402,797,197	995,121,053
Office Equipment	13,416,069	8,168,739	1,187,057	6,530	20,391,221	6,137,565	2,650,215	438,952	8,348,828	12,042,393	7,278,504
Furniture & fixtures	6,999,446	29,997,090	370,097	3,000	36,623,439	2,359,447	1,732,874	171,733	3,920,588	32,702,851	4,639,999
Motor Vehicle	54,042,207	1,288,492	3,504,448	466	51,825,785	13,495,652	6,349,118	1,029,414	18,815,356	33,010,429	40,546,555
	<u>2,749,292,460</u>	<u>869,612,237</u>	<u>39,258,166</u>	<u>14,318,550</u>	<u>3,565,327,981</u>	<u>1,078,666,225</u>	<u>135,709,754</u>	<u>28,694,654</u>	<u>1,185,681,325</u>	<u>2,379,646,656</u>	<u>1,670,626,235</u>
(II) INTANGIBLE ASSETS											
Software Licence	3,750,846	712,273	-	123,348	4,339,771	696,076	402,576	10,759	1,087,893	3,251,878	3,054,770
	<u>3,750,846</u>	<u>712,273</u>	<u>-</u>	<u>123,348</u>	<u>4,339,771</u>	<u>696,076</u>	<u>402,576</u>	<u>10,759</u>	<u>1,087,893</u>	<u>3,251,878</u>	<u>3,054,770</u>
TOTAL (I + II)	<u>2,753,043,306</u>	<u>870,324,510</u>	<u>39,258,166</u>	<u>14,441,898</u>	<u>3,569,667,752</u>	<u>1,079,362,301</u>	<u>136,112,330</u>	<u>28,705,413</u>	<u>1,186,769,218</u>	<u>2,382,898,534</u>	<u>1,673,681,005</u>
Previous Year	<u>2,590,852,894</u>	<u>235,881,503</u>	<u>59,671,924</u>	<u>14,019,166</u>	<u>2,753,043,307</u>	<u>1,002,202,549</u>	<u>92,542,605</u>	<u>15,382,853</u>	<u>1,079,362,301</u>	<u>1,673,681,006</u>	<u>1,588,650,345</u>
(III) CAPITAL WORK IN PROGRESS											
(IV) Intangible Assets Under Development											
										275,387,481	920,280,516
										560,843	-

This includes ₹ 1,000,076/- (Prev Year ₹ 798,676/-) taken to Capital-Work-In-Progress.

Previous year figures re-grouped or re-arranged wherever required, to make them comparable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)
Note No-12:-NON-CURRENT INVESTMENT		
Non- Trade Investment		
Investment in Property		
- Land at Banera	90,800	90,800
- Land at Bangalore	8,080,665	8,080,665
- Building at Bangalore (Site Development)*	104,547,072	1,433,477
*Investment in Building at Bangalore (Site Development) has been regrouped from “Capital WIP” to “Non-trade investment”.		
QUOTED		
Investment in Equity		
- Reliance Industries Ltd.	238,834,734	243,626,496
- Ballarpur Industries Ltd.	5,331,101	5,331,101
	244,165,835	248,957,597
(Market Value of Quoted Investments are ₹ 23,75,32,080/- (Previous Year ₹ 19,18,43,783/-)	356,884,372	258,562,539

	As at 31/03/2016			As at 31/03/2015	
	Face value per Unit	No. of Units	Amount as per Face Value (₹)	No. of Units	Amount as per Face Value (₹)
# QUOTED					
Investments in Equity Instruments					
- Reliance Industries Ltd.	₹ 10	225,157	2,251,570	230,000	2,300,000
- Ballarpur Industries Ltd.	₹ 2	159,615	319,230	159,615	319,230

Note No-13:-Long Term Loans and Advances

(I) Capital Advances					
(i) Secured, considered good (against Bank Gurantee)				-	1,000,000
(ii) Unsecured, considered good			10,922,437		3,309,994
(II) Security Deposits					
Unsecured, considered good					
(A) (i) Sales Tax (Under Litigation)			1,687,202		1,258,249
(ii) Municipal Corporation (Under Litigation)			514,250		514,250
(iii) Central Excise & Custom (Under Litigation)			3,500,000		3,500,000
(B) Others - I) Tender			19,220,024		25,508,572
II) Electricity			27,098,316		26,669,349
III) Others			27,037,088		15,359,638
(III) Income Tax			97,834,002		79,244,293
(IV) Employees			311,000		419,748
(V) Others			1,984,529		2,223,506
			190,108,848		159,007,599

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)
Note No-18:-Short- term loans and advances		
(I) Earnest Money Deposit	3,329,742	12,696,500
(II) Deposit/ Credit with Government Authorities		
Custom, Excise & Service Tax	98,662,822	46,390,819
Sales tax	1,807,336	7,897,727
Incom tax	2,156,103	-
(III) Employees	2,360,230	2,241,795
(IV) Others	189,545,082	275,398,053
	<u>297,861,315</u>	<u>344,624,894</u>

Note No-19:-Other Current Assets

Interest accrued but not Due - Unsecured	6,610,324	9,804,958
	<u>6,610,324</u>	<u>9,804,958</u>

Note No-20:- Current Investments

Investment in Mutual Fund	-	-
Birla Sunlife Cash Plus- Direct Growth	21,500,000	-

NOTES TO CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	2015-16 (₹)	2014-15 (₹)
Note No-21:-Revenue from operations		
(A) SALE OF PRODUCTS		
(I) Conductors & Cables	5,494,400,757	6,979,161,553
(II) Insulators	1,901,009,158	1,365,672,810
(III) Epoxy Resin And Allied Products	56,558,056	651,240
(IV) Power Generation Sales	30,104,971	16,374,910
TOTAL A	<u>7,482,072,942</u>	<u>8,361,860,513</u>
(B) OTHER OPERATING REVENUE		
(I) Scrap	19,274,787	13,892,102
(II) Export Incentive	8,013,569	2,034,149
(III) Sales Tax / Excise Benefit	60,616,243	-
TOTAL B	<u>87,904,599</u>	<u>15,926,251</u>
TOTAL I (A + B)	<u>7,569,977,541</u>	<u>8,377,786,764</u>
(C) EXCISE DUTY ON SALES	712,096,359	492,039,858
TOTAL C	<u>712,096,359</u>	<u>492,039,858</u>
TOTAL I (A + B - C)	<u>6,857,881,182</u>	<u>7,885,746,906</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As At 31.03.2016 (₹)	As At 31.03.2015 (₹)
Note No-22:-Other Income		
(A) INTEREST INCOME		
From Fixed Deposits	11,668,199	11,517,412
From Customers	3,945,798	5,701,648
From Others	8,235,730	1,871,996
(B) DIVIDEND INCOME	4,696,072	2,606,923
(C) NET GAIN ON SALE OF INVESTMENT	363,394	6,224,913
(D) OTHER NON- OPERATING INCOME		
Fluctuation in Exchange Rate (Net)	7,722,337	3,743,780
Claims Received (Net)	-	595,053
Compensation Received	9,117,126	-
Profit on Sale of Fixed Assets	3,207,365	1,459,430
Liabilities No Longer Required & Sundry Credit Balance Written Back	2,887,744	11,294,913
TOTAL II	<u>51,843,765</u>	<u>45,016,068</u>
III. Total Revenue (I +II)	<u>6,909,724,947</u>	<u>7,930,762,974</u>

IV. EXPENSES

Note No-23:-Cost of Materials Consumed

	2015-16 (₹)	2014-15 (₹)
RAW MATERIAL		
Inventories at the beginning of the year	128,694,806	307,115,866
Add:- Purchases during the Year	4,709,732,016	5,832,034,837
	<u>4,838,426,822</u>	<u>6,139,150,703</u>
Inventories at the end of the year	123,111,157	128,694,806
TOTAL A	<u>4,715,315,665</u>	<u>6,010,455,897</u>
Purchase of Stock-In-Trade	56,538,371	2,008,755
TOTAL B	<u>56,538,371</u>	<u>2,008,755</u>

Note No-24:-Change in Inventories of Finished Goods, Work-in-Progress, Scrap & Stock in Trade

Inventories at the beginning of the year

Finished Goods	80,193,559	219,409,601
Work-In-Progress	206,183,851	173,704,720
Scrap	1,795,640	246,636
Stock in Trade	1,489,296	-
	<u>289,662,346</u>	<u>393,360,957</u>

Inventories at the end of the year

Finished Goods	269,219,989	81,682,855
Work-In-Progress	276,056,839	206,183,851
Scrap	4,607,711	1,795,640
Stock in Trade	8,893,714	-
	<u>558,778,253</u>	<u>289,662,346</u>
TOTAL C	<u>(269,115,907)</u>	<u>103,698,611</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	2015-16	2014-15
	(₹)	(₹)
Note No-25:-Employee Benefit Expenses		
(I) Salaries, Wages and Bonus etc.	291,886,672	271,887,978
(II) Contribution to Provident & Other Funds	16,347,614	18,025,727
(III) Staff & Workmen Welfare	6,466,895	6,035,786
TOTAL D	<u>314,701,181</u>	<u>295,949,491</u>

Note No-26:-Finance Costs

(I) INTEREST		
On Term Loan	51,112,411	22,903,721
On Working Capital Borrowings	180,993,769	86,597,066
On Loan from - Related Party (HEIL)	57,026,527	49,107,944
On Foreign Exchange difference to the extent considered as an adjustment to borrowing cost	2,687,967	9,421,519
On Others	1,427,705	2,708,280
	<u>293,248,379</u>	<u>170,738,530</u>
(2) OTHER BORROWING COST		
Bank Charges	46,736,382	47,677,901
TOTAL E	<u>339,984,761</u>	<u>218,416,431</u>

Note No-27:-Other Expenses

MANUFACTURING EXPENSES

(i) Stores & Spares	154,884,012	104,435,511
(ii) Packing & Forwarding Expenses (Net)	308,275,381	231,695,855
(iii) Power & Fuel	407,777,926	357,701,664
(iv) Repairs to Building	13,170,715	8,381,761
(v) Repairs to Machinery	24,063,701	26,281,302
(vi) Jobs on Contract	259,413,445	183,426,542
(vii) Freight and Transport	238,141,140	141,506,917
(viii) Increase/(Decrease) in Excise Duty & Cess on Inventories	33,714,246	(5,359,000)

SELLING AND ADMINISTRATION

(i) Rent	10,284,138	8,058,660
(ii) Insurance	8,195,272	9,607,625
(iii) Rates & Taxes	7,954,790	14,925,918
(iv) Repairs - Others	6,176,171	5,602,616
(v) Directors Meeting Fees	938,265	275,000
(vi) Payment to Auditors	387,183	357,127
(vii) Charity & Donation	2,035,039	813,000
(viii) Brokerage & Commission	17,932,675	5,782,156
(ix) Bad Debts Written Off	3,772,395	849,448
(x) Loss on Sale of Fixed Assets	1,718,116	407,836
(xi) Claims Paid	233,968	-
(xii) Fluctuation in Exchange Rate (Net)	1,033,715	-
(xiii) R&D Expenses	121,603	-
(xiv) Miscellaneous Expenses	85,746,774	72,308,637
TOTAL F	<u>1,585,970,670</u>	<u>1,167,058,575</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS

2015-16
(₹)

2014-15
(₹)

NOTE No 28: SEGMENT ACCOUNTING

Segment information for the year ending 31st March, 2016

Particulars	Conductor & Cable	Insulators	Unallocated	Total
	(₹)	(₹)	(₹)	(₹)
Revenue				
External Sales/other income (Net of Excise Duty)	5,068,835,188	1,726,375,499	114,734,260	6,909,724,947
	(6,635,759,742)	(1,250,039,190)	(41,426,702)	(7,927,225,634)
Inter-segment	-	-	-	-
	(-)	(-)	(-)	(-)
Total Revenue	5,068,835,188	1,726,375,499	114,734,260	6,909,724,947
	(6,635,759,742)	(1,250,039,190)	(41,426,702)	(7,927,225,634)
Results				
Segment result	204,627,818	144,456,545	(6,989,111)	342,095,252
	(184,065,997)	(60,642,157)	(-2,524,651)	(242,183,503)
Interest Income	-	-	23,848,214	23,848,214
	-	-	(16,219,956)	(16,219,956)
Finance cost	171,099,788	156,507,777	12,177,415	339,784,980
	(82,230,976)	(122,040,861)	(14,129,156)	(218,400,993)
Dividend Received	-	-	4,696,072	4,696,072
	-	-	(2,606,923)	(2,606,923)
Profit/(Loss) on sale of Investments (Net)	-	-	363,394	363,394
	-	-	(6,224,913)	(6,224,913)
Profit/(Loss) before taxation and exceptional items	-	-	-	31,217,952
	-	-	-	(48,834,302)
Less:- Exceptional Items	16,979,569	19,353,000	-	36,332,569
	-	-	-	-
Less : Provision for taxation (including deferred tax)	-	-	-	(2,047,525)
	-	-	-	(21,171,256)
Profit for the year after Tax				(3,067,092)
				(22,547,561)
Less: Minority Interest	-	-	-	-
Net Profit/ (Loss) for the year				(3,067,092)
Other Information				
Segment assets	3,501,498,343	2,205,570,613	1,248,189,161	6,955,258,117
	(2,626,651,122)	(2,051,233,713)	(1,074,058,226)	(5,751,943,061)
Segment liabilities	2,050,532,430	1,880,591,183	96,441,352	4,027,564,965
	(1,021,193,317)	(1,680,118,380)	(117,349,989)	(2,818,661,686)
Capital expenditure	78,674,610	80,257,603	138,399,198	297,331,411
	(387,163,837)	(159,253,775)	(58,410,296)	(604,827,908)
Depreciation	67,701,910	51,668,966	15,741,378	135,112,254
	(33,266,849)	(47,497,557)	(10,979,523)	(91,743,929)

The Company has no other segment which contributes more than 10 % to the company's total revenue or profits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended 31.03.2016 (₹)	For the year ended 31.03.2015 (₹)
NOTE No 29: Contingent liabilities		
(1) Contingent liabilities (to the extent not provided for)		
(a) Income Tax demand under appeal (Paid under Protest ₹ 17,00,000/- (Previous year ₹ 17,00,000/-))	5,548,639	3,561,524
(b) Outstanding Bank Guarantees (Net of Margin Money)	1,664,332,455	2,352,038,693
(c) Guarantees/Securities given on behalf of third parties	1,788,723,570	60,723,570
(d) Excise Duty show cause notices/demands under appeal (Paid under protest ₹ 35,00,000/- (Previous Year ₹ 35,00,000))	44,012,304	37,229,794
(e) Claims against the Company for Sales/Purchase Tax/ MCF & Other under litigation (Paid under protest ₹ 16,74,910/- (Previous Year ₹ 19,79,910/-))	34,168,968	20,558,424
(f) Claims against the Company for Labour Cases & Other under litigation	7,196,000	5,796,000
(g) Surety Bond given to Custom & Excise/JDFT	1,798,282,468	1,794,888,709
(h) Sale Bills discounted with recourse on the Company	22,412,908	-
(2) Commitments (to the extent not provided for)		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	9,189,252	26,601,195
(b) Other Commitments to be executed and not provided for Sales order to be executed against Government and Private Contracts	4,022,300,480	1,939,654,000
(3) Sundry creditors includes acceptance		
	785,857,434	122,740,029

NOTE No 30: Trade Payable/ Receivables

(A) Trade Payable/ Receivables

Balance confirmation letters were sent to the respective parties, but no confirmation from the parties were received till the signing of balance sheet.

(B) Micro, Small & Medium Enterprises & Development Act, 2006

The Company has identified Micro, Small & Medium Enterprises wherever confirmation received from them and confirms that ₹ 1,47,15,180 /- (Previous year ₹ 45,40,627/-) payable to small scale industrial undertakings and the same are not outstanding for more than 30 days.

NOTE No 31: Foreign Currency Exposures

Foreign Currency Exposures

(a) There are Derivative contracts (forward contract for hedging purposes) entered into by the company and outstanding as on March 31, 2016.

No. of Contracts	Currency	Foreign Currency Equivalent (in Lacs)		INR Equivalents (₹ in Lacs)	
		2016	2015	2016	2015
2	EURO	19.51	-	1,523.34	-
1	USD	4.75	-	329.03	-

(b) Foreign currency exposures those are not hedged:-

Particulars	As at 31.03.2016 (₹)	As at 31.03.2015 (₹)
Foreign Currency Payables	231,261,640	664,741,786
Foreign Currency Receivables	216,898,720	291,333,459

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

For the year
ended 31.03.2016
 (₹)

For the year
ended 31.03.2015
 (₹)

NOTE No 32: Employee Benefits

Disclosure as required by Accounting Standard AS-15 (Revised) on Employee Benefits in respect of gratuity and leave encashment are as follows :

Net expenses recognised during the year 2015-16

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2015-16	2014-15	2015-16	2014-15
Current Service Cost	1,576,748	1,800,493	2,968,592	3,569,635
Interest Cost	824,208	843,544	5,415,248	5,607,977
Expected return on plan assets	-	-	-	-
Actuarial Losses / (Gains)	(1,054,517)	235,985	761,832	4,168,773
Past Service Cost	237,039	-	125,237	-
Net benefit expenses	1,583,478	2,880,022	9,270,909	13,346,385

Net assets/(Liability) recognized in Balance Sheet as at 31st March, 2016

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2015-16	2014-15	2015-16	2014-15
Present Value of Defined Benefit Obligation as on 31.3.2016	8,875,661	-	54,557,674	69,628,044
Fair Value of plan assets	(8,875,661)	-	(54,557,674)	-
Funded status - Deficit	-	-	-	-
Unrecognised Past Service Costs	-	-	-	-
Net liabilities recognized in Balance Sheet	(8,875,661)	(10,690,393)	(54,557,674)	(69,628,044)

Change in the obligation over the year ended 31st March, 2016

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2015-16	2014-15	2015-16	2014-15
Present Value of Defined Benefit Obligation as on 1st April, 2015	10,690,393	10,318,520	69,628,044	68,294,576
Interest Cost	824,208	843,544	5,415,248	5,607,977
Past Service Cost	-	-	125,237	-
Current Service Cost	1,586,077	1,800,493	2,968,592	3,569,635
Benefits Paid	(3,149,223)	(2,508,149)	(24,341,279)	(12,012,917)
Actuarial (Gain) / loss on obligation	(1,075,794)	235,985	761,832	4,168,773
Present Value of Defined Benefit Obligation as on 31st March, 2016	8,875,661	10,690,393	54,557,674	69,628,044

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Change in fair value of Plan Assets

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2015-16	2014-15	2015-16	2014-15
Fair Value of plan assets as on 01.04.2015				
Actual return on plan assets	-	-	-	-
Contribution	-	-	-	-
Benefits paid	-	-	-	-
Fair Value of plan assets as on 31.03.2016	-	-	-	-

Major actuarial assumption

Particulars	Segment	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
		2015-16	2014-15	2015-16	2014-15
Discount Rate (based on the market yields available on Government bonds at the accounting date with term that matches that of the liabilities)	Conductor & Cable	7.75%	7.75%	7.75%	7.75%
	Insulators	8%	7.90%	8%	7.90%
	Chemicals	7.75%	7.75%	7.75%	7.75%
Salary increase (Taking into account inflation, seniority, promotion and other relevant factors)	Conductor & Cable	3.00%	3.00%	3.00%	3.00%
	Insulators	5%	5.00%	5%	5.00%
	Chemicals	3.00%	3.00%	3.00%	3.00%
Expected rate of return on assets			-	-	

Provident Fund & Employees' State Insurance

The Company makes contribution to statutory Provident Fund & Employees' State Insurance in accordance with Employees' Provident Fund and Miscellaneous Provision Act, 1952 & Employees' State Insurance Act, 1948. This is post employment benefit and is in the nature of defined contribution plan. Contribution made by the Company during the year is ₹1,63,47,614/- (Previous Year ₹ 1,80,25,727/-).

NOTE No 33: Related party disclosures, as required by AS-18 "Related Party Disclosures" are given below :

List of related parties

Parties which control the company :

Carbo Industrial Holdings Ltd.
Hindusthan Consultancy & Services Ltd.
Pradyumna Steels Ltd.
Promain Ltd.

Related parties in broader sense of the term :

Hindusthan Engineering & Industries Ltd. (HEIL)
Jai Commercial Co.Ltd.,
Mody Investment & Mfg.Co.Pvt.Ltd.
Adarsh Commercial Co.Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Modi Education Foundation

Mrs. Nirmala Bhuwania (W/o Vice Chairman and Managing Director)

Mrs. Sanchita Mody, Advisor - Corporate Planning

Directors / Key Management Personnel :

Mr. R.P.Mody, Promoter & acting in concert

Mr. V.A.Mody, Promoter Director

Mr. S.S.Bhuwania, Vice Chairman and Managing Director

Mr. M.L. Birmiwala, Sr. V.P. Finance & Company Secretary

Mr. Anil Kumar Chandani, Chief Financial Officer (w.e.f. 01-04-2016)

Mr. Deepak Kejriwal, Chief Financial Officer (up to 31-03-2016)

Mr. Subhash Madan (Chairman & Managing Director at Hindusthan Speciality Chemicals Ltd during 01.04.2015 to 29.02.2016)

The following transactions were carried out with the related parties in the ordinary course of business.

Other than Directors / Key Management personnel

	For the year ended 31.03.2016 (₹)	For the year ended 31.03.2015 (₹)
Sale of goods		
Modi Education Foundation	-	639,854
Sale of capital goods		
Hindusthan Speciality Chemicals Ltd	1,079,607	56,265,125
Mody Education Foundation	50,000	98,674
Leasing of Immovable Property		
Promain Limited	3,362,533	3,359,325
Mrs. Nirmala Bhuwania	1,080,000	1,080,000
Interest Received & Paid		
Hindusthan Vidyut Products Ltd	220,000	13,260
Interest Paid		
Hindusthan Engineering Industries Ltd	57,026,527	49,167,944
Loan Amount - Received		
Hindusthan Engineering Industries Ltd	105,218,000	71,929,000
Loan Amount - Given		
Hindusthan Vidyut Products Ltd	-	2,200,000
Guarantees and collaterals by the Company (Given & Taken)		
Hindusthan Speciality Chemicals Ltd	1,728,000,000	-
Guarantees and collaterals by the Company		
Hindusthan Engineering Industries Ltd	60,723,570	60,723,570
Outstanding - Receivable		
Mody Education Foundation	50,000	98,674
Hindusthan Vidyut Products Ltd	2,200,000	2,200,000
Outstanding - Payable		
Hindusthan Engineering Industries Ltd	781,820,259	625,416,057

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended 31.03.2016 (₹)	For the year ended 31.03.2015 (₹)
Investment in Equity Shares (Investment Made & received)		
Hindusthan Speciality Chemicals Ltd	168,300,000	333,000,000
Hindusthan Vidyut Products Ltd	-	500,000
Hindusthan Projects Ltd	500,000	-
CSR Contribution		
Mody Education Foundation	1,500,000	-
Expenses (Reimbursement made and reimbursement received)		
Hindusthan Speciality Chemicals Ltd	1,750,793	-
With Directors / Key Management Personnel :		
Remuneration / Sitting Fee		
Mr. S. S. Bhuwania	11,988,000	4,953,000
Mr. R. P. Mody	60,000	30,000
Mr. V. A. Mody	10,000	25,000
Mrs. Sanchita Mody	4,338,017	3,249,000
Mr. Subhash Madan	1,190,000	300,000
Sitting fees (by Hindusthan Speciality Chemicals Ltd)		
Mr. S. S. Bhuwania	37,500	15,000
Mr. Raghavendra Anant Mody	15,000	-
Mr. Subhash madan	-	10,000

NOTE No 34: Pre-operative expenditure which has been capitalised and that carried forward under capital work-in-progress is as under :

Finance costs	15,344,891	32,161,140
Other Expenses	133,245,115	345,243,519
	<u>148,590,006</u>	<u>377,404,659</u>
Add : Brought forward from Previous year	408,938,870	105,169,539
	<u>557,528,876</u>	<u>482,574,198</u>
Less : Capitalised as part of		
Plant & Machinery	161,862,454	35,853,001
Buildings	95,954,222	7,747,360
Others	417,017	30,034,967
Transferred to Investment (Site development-Bangalore)		
Carried forward under Capital work in progress	<u>299,295,183</u>	<u>408,938,870</u>

NOTE No 35: Tax Expenses:-

(A) CURRENT TAX

Current tax for the Year	1,027,000	10,300,000
Add:- For earlier years Short/ (Excess) Provision	(6,195,055)	(3,781,744)
LESS:- MAT Credit entitlement	1,027,000	1,115,000
NET CURRENT TAX	<u>(6,195,055)</u>	<u>5,403,256</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Opening As At 01.04.2015 (₹)	Charge/(Credit) During the Year (₹)	Closing As At 31.03.2016 (₹)
(B) DEFERRED TAX			
Depreciation	248,864,000	3,609,073	252,473,073
Provision for Gratuity / Leave Encashment	(26,060,000)	(212,505)	(26,272,505)
Others	(3,112,662)	750,962	(2,361,700)
	<u>219,691,338</u>	<u>4,147,530</u>	<u>223,838,868</u>

NOTE No 36: Earning Per Share:-

Earnings per share (EPS) The numerators and denominators used to calculate Basic and Diluted Earnings per share :

	For the year ended 31.03.2016 (₹)	For the year ended 31.03.2015 (₹)
Profit/ (Loss) attributable to the Equity Shareholders		
Before extraordinary items (A)	33,265,478	22,547,561
After extra ordinary items	(3,067,091)	22,547,561
Basic/weighted average number of equity shares		
outstanding during the year (B)	1,442,885	1,442,885
Nominal value of Equity Share (₹)	10	10
Basic/Diluted EPS (₹)		
On Profit before extra ordinary items	23.05	15.63
On Profit after extra ordinary items	(2.13)	15.63

NOTE No 37: Other Disclosures to Profit and Loss Statement:-

(1) NET GAIN/(LOSS) ON FOREIGN EXCHANGE

SUNDRY DEBTORS

For Export

17,704,289

20,513,953

SUNDRY CREDITORS

For Import

(7,179,761)

(17,418,666)

For FCLR LOAN

(2,802,191)

648,493

For Machinery

-

-

7,722,337

3,743,780

(2) PAYMENT TO AUDITORS

- Audit fees

218,225

202,500

- Out of Pocket Expenses

36,745

30,627

- Tax Audit

30,000

30,000

- For Certification

102,213

94,000

387,183

357,127

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(3) (I) RAW MATERIAL CONSUMPTION

PARTICULARS	CONSUMPTION For the year ended 31.03.2016	CONSUMPTION For the year ended 31.03.2015
Aluminium	3,566,231,153	5,128,482,997
Steel	585,898,113	448,152,012
PVC Compound	769,417	78,321,406
Copper	14,381,681	28,465,365
Zinc	28,266,682	34,761,188
Clay/Powder	199,902,413	111,214,612
Metal Parts	241,226,016	176,996,693
Chemical	22,893,617	-
Others	55,746,573	4,061,624
	<u>4,715,315,665</u>	<u>6,010,455,897</u>

(II) FINISHED GOODS

PARTICULARS	For the Year Ended 31.03.2016			For the Year Ended 31.03.2015		
	SALES VALUE 31.03.2016	CLOSING INVENTORY	OPENING INVENTORY	SALES VALUE 31.03.2015	CLOSING INVENTORY	OPENING INVENTORY
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Conductors, Strips	5,462,196,948	194,611,825	31,373,671	6,896,134,957	31,373,671	167,512,710
High Tension Insulators	1,901,009,158	56,076,047	48,819,888	1,365,672,810	48,819,888	51,896,891
Electrical Energy	30,104,971	-	-	16,374,910	-	-
Trading Item	46,016,503	8,893,714	1,489,296	651,240	1,489,296	
Miscellaneous	42,745,362	23,139,828	1,795,640	83,026,596	1,795,640	246,636
TOTAL	<u>7,482,072,942</u>	<u>282,721,414</u>	<u>83,478,495</u>	<u>8,361,860,513</u>	<u>83,478,495</u>	<u>219,656,237</u>

(III) WORK IN PROGRESS

PARTICULARS	As at 31.03.2016	As at 31.03.2015
	(₹)	(₹)
Aluminium	11,477,784	1,118,642
Steel	2,516,342	1,070,532
Insulators	261,816,758	203,955,526
Others	245,955	39,151
TOTAL	<u>276,056,839</u>	<u>206,183,851</u>

(4) AGGREGATE OF PROVISIONS, CONTINGENCIES OR COMMITMENT WRITTEN BACK AS NO LONGER REQUIRED

PARTICULARS	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	(₹)	(₹)
EPS Employer Contribution	-	367,885
Sundry Debtors Credit Balance Written off	-	126,381
Sundry Credit Balance Written off	1,761,940	1,117,756
Carriage Inwards/ Outward	501,410	-
Rates & Taxes (LADT)	-	9,616,891
Entry Tax	295,523	-
Provision for Bonus and Others etc.	328,871	66,000
TOTAL	<u>2,887,744</u>	<u>11,294,913</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended 31.03.2016 (₹)	For the year ended 31.03.2015 (₹)
(5) VALUE OF IMPORTS CALCULATED ON C.I.F BASIS		
Raw Material	316,513,098	991,657,870
Components & Spare Parts	5,564,924	4,642,247
Capital Goods	8,073,011	20,954,358
(6) EXPENDITURE IN FOREIGN CURRENCY		
Travelling	4,460,785	2,340,357
Interest	16,635,434	52,154,662
Commission	10,904,684	1,262,048
Others	1,891,515	8,274,077
(7) VALUE OF IMPORTED/INDIGENOUS MATERIAL CONSUMED DURING THE YEAR ALONGWITH %		
PARTICULARS	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	(₹)	(₹)
Raw Materials	6.18% 291,564,155	16.99% 1,021,214,985
Stores and Spare Parts	2.43% 3,734,905	7.44% 8,086,278
INDIGENOUS		
Raw Materials	93.82% 4,423,751,510	83.01% 4,989,240,912
Stores and Spare Parts	97.57% 150,034,484	92.20% 96,349,233
(8) EARNINGS IN FOREIGN EXCHANGE		
Exports (F.O.B.)	498,243,782	74,689,081
Freight & Insurance on Export	1,370,831	1,724,618
Interest Received	-	-
Earning by Sale under Global Tender in India	391,391,612	3,668,021,973
(9) PROPOSED DIVIDEND		
Proposed Dividend	1,442,885	1,442,885
Tax on Dividend	293,737	293,786
	<u>1,736,622</u>	<u>1,736,671</u>

(10) The company has identified areas for CSR activities as promoting education, rural development, eradication of hunger, poverty & malnutrition. The funds amounting ₹ 20.85 lacs have been spent during the year on these activities which are specified in the Schedule VII of the companies Act, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(11) Previous year figures are re-grouped or re-arranged wherever required, to make them comparable.

Financial Information of Subsidiary Company

Additional Information as required under Schedule III to the Companies Act, 2013 of the enterprises consolidated as Subsidiary/Associate/Joint Venture.

Name of entity	Net Assets, i.e. total assets minus total liabilities *		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent				
Hindusthan Urban Infrastructure Limited	80.35%	2,168,734,489	619.26%	15,926,078
Subsidiaries				
1. Hindusthan Speciality Chemicals Limited	19.72%	532,142,411	-583.53%	(17,897,278)
2. Hindusthan Vidyut Products Limited	-0.08%	(2,203,768)	-33.49%	(1,027,263)
3. Hindusthan Projects Ltd	0.02%	431,371	-2.24%	(68,629)
Minority Interest in all subsidiaries	NIL	N/A	NIL	N/A

* excluding assets created from revaluation reservers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

FORM AOC-I

**Statement Containing salient features of the Financial statement of
Subsidiaries/Associate companies/Joint ventures**

(Persuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules,2014)

Part "A" : Subsidiaries

SI No.	1	2	2
Name of subsidiary	Hindusthan Speciality Chemicals Limited	Hindusthan Vidyut Products Limited	Hindusthan Projects Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N/A	N/A	N/A
Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N/A	N/A	N/A
Share Capital	550,800,000	500,000	500,000
Reserves & Surplus	(18,657,589)	(2,703,768)	(68,629)
Total Assets	542,341,198	27,320	437,096
Total Liabilities	542,341,198	27,320	437,096
Investment	21,500,000	-	-
Turnover	56,643,804	-	-
Profit before taxation	(14,499,444)	(277,567)	(68,629)
Provision for taxation	3,397,834	749,696	-
Profit after taxation	(17,897,278)	(1,027,263)	(68,629)
Proposed Dividend	-	-	-
% of Shareholding	100%	100%	100%

As per our report of even date
For K M AGARWAL & CO.
Chartered Accountants
FRN: 000853N

Sd/-
R.P. Mody
(DIN No.00140503) Director

Sd/-
D K AGARWAL
Partner
M.No.16952

Sd/-
M.L. Birmiwala
Sr.V.P. Finance & Co. Secy.

Sd/-
Anil Kr. Chandani
Chief Financial Officer

Sd/-
S.S. Bhuwania
(DIN No.00107171) Vice Chairman and
Managing Director

Place: New Delhi
Date: 23rd May, 2016

