

# ANNUAL REPORT 2016 – 2017



**Hindusthan Urban Infrastructure Limited**

(An enterprise of THE HINDUSTHAN GROUP)





## **HINDUSTHAN URBAN INFRASTRUCTURE LIMITED**

### **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.N. Gutgutia & 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

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To

The Shareholders,

Your Directors present their Fifty Seventh Annual Report and Audited Accounts of the Company for the year ended 31.03.2017.

The operating results of the company for the year are as follows:

	(Rs. in Thousand)	
	2016-17	2015-16
The profit for the year after meeting all expenses but before providing for Gratuity, Depreciation, Taxation and extra-ordinary income is:	1,15,477	1,49,241
from which have to be deducted:		
Gratuity according to statutory requirement	10,725	9,160
Depreciation for the current year	1,52,239	1,30,350
Provision for Taxation	(31,942)	(6,195)
Provision for Dividend	1,443	1,443
Tax on Dividend	294	294
Leaving a balance of	(13,809)	14,189
To which have to be added:		
The balance brought forward from the previous year	16,113	1,924
Making a total of	(1,169)	16,113
Out of which transferred from General Reserve	25,000	-
Leaving a balance to be carried forward to next year's account	23,831	16,113

### State of Affairs & Operations

During the year under review, the gross revenue of the company has decreased to Rs.731.53 Crores as compared to Rs. 755.84 Crores in 2015-16. The profit before depreciation has decreased from Rs. 1400.81 Lakhs to Rs. 1047.51 Lakhs.

### Consolidated financials

In the Financial Year 2016-17, income from operations was Rs. 744.92 crores, as compared to Rs.762.18 Crores in the previous year 2015-16. The profit before depreciation has decreased from Rs. 1299.98 Lakhs to Rs. 962.47 Lakhs.

Revenue of wholly owned subsidiary i.e. Hindusthan Speciality Chemicals Limited was Rs. 1350.59 Lacs (Previous year Rs.635.90 Lakhs) and net profit after tax was Rs. (56.16) Lakhs [Previous year Rs. (178.97) Lakhs].

Your Directors are pleased to inform that the Company booked new orders worth 603.43 Cr in 2016-17. However due to deferment of order execution by several customers, the commercial production for aluminium Conductors could not be taken during the year for some of these orders.

The availability of our prime raw material for conductor division i.e. aluminum remained satisfactory. However, due to upward swing of LME from USD 1713 in December 2016 to LME USD 1955 in March 2017, there were increase of prices of aluminium forcing the customers to defer the 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 wherever it was required.

There has been slow down in the issue of new tenders by major Power utility Power Grid Corporation of India during the year but Efforts were being made to secure more orders from private sector as well as state utilities.

During the year the company executed export orders (including Domestic sales in foreign currency) worth Rs. 4165 lakhs as compared to Rs.8896 lakhs during the financial year 2015-16. The Company is continuously striving to increase its export order book and add many more private and export markets.

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## **DIRECTORS' REPORT (Contd.)**

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### **Dividend**

Your Directors have recommended a dividend of Re. 1.00 per equity share(10%) for the financial year ended March 31, 2017 amounting to Rs. 17,36,622/- (inclusive of tax of Rs.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 15th September, 2017. 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.

### **Wholly Owned Subsidiary Companies**

Hindusthan Speciality Chemicals Limited, wholly owned subsidiary has become material subsidiary of the Company, 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), company has taken further steps towards setting up of the state of the art green field manufacturing facility of Epoxy Resin and formulated products at Jhagadia Distt, Bharuch, Gujarat. The construction work has commenced and is proceeding actively on various fronts. Orders for long lead-time Plant & Machinery packages, has also been placed & ordering for further packages is in progress. The Company is marketing various grades of Epoxy Resins & specialty formulations in it's own brand name with the support of technology partners. A well-equipped Application Development & Testing facility, having equipments catering to the requirement of customer's in area of electrical & composites sector has also been set-up in Taloja facility. During the year 2017-18, the company has targeted to increase sales of manufactured products and also expand the product range into newer applications. Regional export markets are also being taken-up. A sum of Rs. 58.752 Crores has been paid till 31st March, 2017 by way of equity capital by your company to Hindusthan Speciality Chemicals Limited, a wholly owned material subsidiary.

Hindusthan Vidyut Products Limited and Hindusthan Projects Limited, wholly owned non material subsidiaries have not commenced any commercial activity during the year.

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](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, 2017. 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:

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## DIRECTORS' REPORT (Contd.)

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- 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.
- 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

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. The shareholders in their 56th Annual General Meeting, approved the appointment of Mr. Vivek Dayaram Kohli as Whole time Director.

During the year under review, Mr. Deepak Kejriwal was re-designated 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. Rajendra Prasad Mody will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board recommends his re-appointment as Director liable to retire by rotation.

#### Board Meetings

Eight 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

During the year under review M/s K.M. Agarwal & Co. Chartered Accountants (Firm Registration No. 853N) resigned as statutory auditor w.e.f October 29, 2016.

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## **DIRECTORS' REPORT (Contd.)**

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The Board of directors, through circulation appointed M/s K.N. Gutgutia & Co. Chartered Accountants (Firm Registration No. 304153E) as statutory auditors in casual vacancy on recommendation of Audit Committee. The shareholders in the Extra Ordinary General Meeting approved their appointment as statutory auditor, M/s K.N. Gutgutia & Co. Chartered Accountants holds office till the conclusion of 57th Annual General Meeting.

On the recommendation of Audit Committee the Board of Directors recommend the appointment of M/s K.N. Gutgutia & Co. as statutory auditor from the conclusion of 57th Annual General Meeting to the conclusion of 62nd Annual General Meeting subject to the ratification of shareholder in every Annual General Meeting. M/s K.N. Gutgutia & Co. have furnished their consent confirming that if appointed, the appointment will be in accordance with the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 alongwith the certificate of Peer Review Board of ICAI.

### **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.

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 31.03.2017

### **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 March 31, 2017 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 2015-16 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 2017-18.

The Secretarial Audit Report for the financial year ended 31.03.2017 is annexed herewith marked as Annexure-A to this report. The observation in secretarial audit report is self-explanatory and need no comments.

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 reports 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 2017-18

### **Share Capital**

The Authorised share Capital of the Company is Rs. 2,50,00,000/- divided into 25,00,000 equity shares of Rs.10/- each. The paid up Equity Share Capital as on 31.03.2017 was Rs. 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**

The equity shares of the company were listed w.e.f July 14, 2016.



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## **DIRECTORS' REPORT (Contd.)**

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The listing fees for 2016-2017 and 2017-2018 has been paid to BSE Ltd.

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 02.02.2017 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.

### **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 2016-17 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 Rs.10,000/- per Board meeting and Committee meeting.

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## DIRECTORS' REPORT (Contd.)

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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 Auditor, M/s. K.N. Gutgutia & 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](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 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](http://www.hindusthanurban.com)
- A dedicated email id viz, [investors@thehindusthangroup.co.in](mailto: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](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

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## **DIRECTORS' REPORT (Contd.)**

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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. 31 of the Standalone Financial Statement for the financial year ended 31.03.2017.

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](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](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 consisting Vice Chairman & Managing Director and Independent Directors and 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 addresses the potential risks impacting the Company.

### **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.

### **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 15, 2017**

**Rajendra Prasad Mody**  
**Chairman**  
**(DIN: 00140503)**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

For The Financial Year Ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

<b>CIN</b>	<b>L31300DL1959PLC003141</b>
<b>AUTHORISED CAPITAL</b>	<b>Rs. 2,50,00,000/-</b>
<b>PAID UP CAPITAL</b>	<b>Rs. 1,44,28,850/-</b>

To,  
The Members,  
**HINDUSTHAN URBAN INFRASTRUCTURE LIMITED**  
7th Floor, Kanchenjunga,  
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 re- turns 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, 2017 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, 2017 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);~~
- 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, 1992;
  - (c) ~~The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;~~
  - (d) ~~The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;~~
  - (e) ~~The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;~~

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- (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; and~~
  - (h) ~~The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998~~
- (vi) Industrial Disputes Act 1947, Factories Act, 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 been delisted from the Delhi Stock Exchange and exchange has transferred the company to Dissemination Board of the Bombay Stock Exchange vide letter dated 18-05-2015.
- (iii) The Company has received In-principle approval for listing of 14,42,885 (Fourteen Lakhs Forty Two Thousand Eight Hundred Eighty Five) equity shares of Rs. 10/- each on the exchange under direct listing vide its letter dated May 23, 2016. The equity shares of the Company were admitted for trading in BSE Ltd. w.e.f. July 14, 2016.

**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 report the following observations:**

1. During the audit period, it was observed that there was an unspent amount of Rs. 2,10,000/- (Rupees Two Lakhs and Ten Thousand) out of the total approved CSR expenditure for FY 2015-16. However; as per the explanations provided by the company, it has spent the aforesaid amount in the month of April, 2016 and as the unspent CSR expenditure was spent before the approval of Board's report for FY 2015-16, the reasons for unspent amount pertaining to FY 2015-2016 was not recorded in the Board's report, 2016.

**For AMIT KUMAR  
Company Secretaries**

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

Place: New Delhi  
**Date: May 10, 2017**

**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) Variable frequency drive on 37 stranding Machine

**(b) Additional Investments and proposals, if any, being implemented for reduction for 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.
<b>Not Applicable</b>			

**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 bag export orders in newer and niche markets and also entered in niche products for the first time. The company's export division make inroads in newer markets like US, Columbia and Europe. One of the large size heavy duty 91 wire conductor was tested in Hungry lab and was supplied in Georgia successfully. The line is under installation .Physical exports orders worth Rs. 3322. Lakhs were executed as against Rs.4982 lakhs in 2015-16. The Company could bag its first HTLS - ACSS order in Europe for polish market and also for Columbia market and both were executed successfully. Similarly, an order for 560 kms. AAAC ash alloy Conductors from Ethiopia was executed successfully by manufacturing in house alloy rod. Similarly new products like 8000 series of conductor were supplied to US market, leading to repeat orders. Company is targeting to enter US market for 8000 series product due to increasing demand in US market. For the first time received orders for supplies of AAAC alloy rod to Spain and AI – 59 rod to Israel markets and the same was supplied successfully. Efforts are being made for repeat order of HTLS conductors and other new products like ACSR TW.

Insulators were exported to European countries like – Italy, Turkey, Germany, France, Russia etc. The Company exported Insulators to Egypt, South Africa. The export during the year rose by 50% as compared to previous year and efforts are being made for retaining our existing buyers and making full efforts to introduce new buyers.

**(b) Total Foreign Exchange used and earned (Rs. In Lakhs)**

Used : Rs. 2952.02

Earned : Rs. 5180.15

**Corporate Social Responsibility**

Pursuant to provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, details pertaining to Corporate Social Responsibility Committee (CSR) 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. <a href="http://www.hindusthanurban.com/pdf/policy/HUIL_CSR%20Policy.pdf">http://www.hindusthanurban.com/pdf/policy/HUIL_CSR%20Policy.pdf</a>
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.	Rs.376.63 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 2016-17:	Rs. 7.53 Lakhs  2.10 Lakhs 9.63 Lakhs
5.	Details of CSR spent during the financial year 2016-17: (a) Total amount to be spent for the financial year 2016-17 (b) Amount unspent, if any	Rs. 9.63 Lakhs  Nil

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

(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 the reporting period	Amount spent: Direct or through implementing agency*
1.	Promoting Education	Financial Aid to meritorious students of economically weaker section	Khurda, Odisha	1.50	1.50	1.50	Directly
2.	Promoting Education	Promoting Education	Laxmangarh Rajasthan	3.00	3.00	3.00	Mody University of Science and Technology, Laxmangarh (Implementing Agency)

3.	Promoting Education	Financial Aid to students	Guwahati, Assam	1.50	1.50	1.50	Directly
4	Rural Development	Drinking water Facility at School	Gwalior, M.P	1.53	1.53	1.53	Directly
5	Rural Development	Installation of Solar Lights	Khurda, Odisha	2.05	2.05	2.05	Directly
6	Promotion of Sports	Sponsorship cricket tournament	Khurda, Odisha	-	0.21	0.21	Directly
<b>TOTAL</b>				<b>9.63</b>	<b>9.79</b>	<b>9.79</b>	

Details of implementing Agency are as follows:

Name and address of the Society	Mody University of Science and Technology, Lakshmangarh, Distt : Sikar, Rajasthan - 332311
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6.	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	Company has disbursed entire CSR fund of FY 2016-17 to its project implementing partner. The allotted CSR fund has been utilized.
7.	Our CSR responsibilities	We hereby affirm that the CSR policy, as approved by the Board of Directors, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

On behalf of Board of Directors of the Company

**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 31.03.2017**

<b>I.</b>	<b>REGISTRATION AND OTHER DETAILS:</b>	
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, 7th 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	68.72
2.	Insulators	239 - Manufacture of non-metallic mineral products	30.78
3.	Power Generation	351 - Electric power generation, transmission and distribution	0.50

\* 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	
<b>Shareholding of Promoter and Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	700	0	700	0.05	700	0	700	0.05	0
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
<b>(2) Foreign</b>	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
<b>Sub Total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sub Total (A)(1) + (A)(2):-</b>	<b>1077245</b>	<b>0</b>	<b>1077245</b>	<b>74.66</b>	<b>1077245</b>	<b>0</b>	<b>1077245</b>	<b>74.66</b>	<b>0</b>
<b>A. Public Shareholding</b>									
<b>1. Institutions</b>									
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.	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
<b>Sub Total (B)(1)</b>	<b>5000</b>	<b>600</b>	<b>5600</b>	<b>0.39</b>	<b>5000</b>	<b>600</b>	<b>5600</b>	<b>0.39</b>	<b>0</b>

<b>(2) Non Institutions</b>									
a) Bodies Corporates	43511	2420	45931	3.18	49717	8420	58137	4.03	0.85
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	126980	41102	168082	11.65	123236	34982	158218	10.96	(0.69)
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	107713	38314	146027	10.12	94124	38314	132438	9.18	(0.94)
c) Others									
i. NRI	0	0	0	0	653	0	653	0.04	0.04
ii. HUF	0	0	0	0	9657	100	9757	0.68	0.68
iii. Clearing member	0	0	0	0	837	0	837	0.06	0.06
<b>Sub-total(B)(2)</b>	<b>278204</b>	<b>81836</b>	<b>360040</b>	<b>24.95</b>	<b>278224</b>	<b>81816</b>	<b>360040</b>	<b>24.95</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>283204</b>	<b>82436</b>	<b>365640</b>	<b>25.34</b>	<b>283224</b>	<b>82416</b>	<b>365640</b>	<b>25.34</b>	<b>0.00</b>
Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>1360449</b>	<b>82436</b>	<b>1442885</b>	<b>100</b>	<b>1360469</b>	<b>82416</b>	<b>1442885</b>	<b>100</b>	<b>0.00</b>

(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 / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered 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
5.	Rajendra Prasad Mody	500	0.03	0	500	0.03	0	0
7.	Raghavendra Anant Mody	200	0.01	0	200	0.01	0	0
	<b>Total</b>	<b>1077245</b>	<b>74.66</b>	<b>0</b>	<b>1077245</b>	<b>74.66</b>	<b>0</b>	<b>0.01</b>

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

There is no change in the shareholding of the Promoters during the year ended March 31, 2017.

(iv) **Shareholding pattern of top ten Shareholders**

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

S. No	Name of the Shareholder	Shareholding		Date	In-crease / De-crease in share-holding	Reason	Cumulative Share-holding during the year (April 1, 2016 and March 31, 2017)	
		No. of Shares At the Beginning of Year (April 1, 2016) / End of the Year March 31, 2017	% of total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	Ritika Gupta *	47513	3.29	15/04/2016	2000	Purchase	49513	3.43
2	Ritika Gupta*	17000	1.18					
3	3A Capital Services Limited*	23670	1.64					
4	Ramaben Bhagubhai *Patel	21314	1.48					
5	Shah Paresh Chimanlal	0	0	28/10/2016	16194	Purchase	16194	1.12
6	Mahendra Girdharilal*	16460	1.14	13/01/2017	-563	Sale	15897	1.1
8	Pinakin Chimanlal Shah*	2400	0.17	29/07/2016	-16	Sale	2384	0.17
				05/08/2016	-884	Sale	1500	0.1
				11/11/2016	12520	Purchase	14020	0.97
9	Raiomond Khodadad Irani	0	0	27/01/2017	12220	Purchase	12220	0.85
				10/02/2017	-516	Sale	11704	0.81
				17/02/2017	-100	Sale	11604	0.8
				24/02/2017	-308	Sale	11296	0.78
				03/03/2017	-830	Sale	10466	0.73
				17/03/2017	-1060	Sale	9406	0.65
				24/03/2017	-300	Sale	9106	0.63
10	Bhagubhai & Madhav Patel HUF*	6100	0.42	31/03/2017	6000	Sale	100	0.006
11	Mittal Polymers Pvt. Ltd.	0	0	31/03/2017	6000	Purchase	6000	0.42
12	C Mackertich Private Limited*	5000	0.35					
13	The Oriental Insurance Company Limited*	5000	0.35					
14	Nita M Patel*	8700	0.6	19/08/2016	-45	Sale	8655	0.6
				26/08/2016	-167	Sale	8488	0.59
				09/09/2016	-50	Sale	8438	0.58
				07/10/2016	-40	Sale	8398	0.58
				14/10/2016	-50	Sale	8348	0.58
				21/10/2016	-99	Sale	8249	0.57

S. No	Name of the Shareholder	Shareholding		Date	In-crease / De-crease in share-holding	Reason	Cumulative Share-holding during the year (April 1, 2016 and March 31, 2017)	
		No. of Shares At the Beginning of Year (April 1, 2016) / End of the Year March 31, 2017	% of total Shares of the Compa-ny				No. of Shares	% of Total Shares of the Com-pany
				28/10/2016	-174	Sale	8075	0.56
				04/11/2016	-200	Sale	7875	0.55
				11/11/2016	-65	Sale	7810	0.54
				18/11/2016	-42	Sale	7768	0.54
				16/12/2016	-84	Sale	7684	0.53
				23/12/2016	-34	Sale	7650	0.53
				30/12/2016	-100	Sale	7550	0.52
				06/01/2017	-50	Sale	7500	0.52
				27/01/2017	-20	Sale	7480	0.52
				03/02/2017	-240	Sale	7240	0.5
				10/02/2017	-112	Sale	7128	0.49
				17/02/2017	-28	Sale	7100	0.49
				24/02/2017	-5	Sale	7095	0.49
				03/03/2017	-245	Sale	6850	0.47
				10/03/2017	-590	Sale	6260	0.43
				17/03/2017	-488	Sale	5772	0.4
				24/03/2017	-2230	Sale	3542	0.25
				31/03/2017	-587	Sale	2955	0.2
15	Dolly Behram Aryana	12220	0.85	20/01/2017	-12220	Sale	0	0
16	Pinakin Chimanlal Shah HUF	12520	0.87	08/07/2016	-12520	Sale	0	0
				15/07/2016	12520	Purchase	12520	0.87
				04/11/2016	-12520	Sale	0	0
17	Paresh Chimanlal Shah*	19000	1.32	08/07/2016	-19000	Sale	0	0
				15/07/2016	19000	Purchase	19000	1.32
				12/08/2016	-51	Sale	18949	1.31
				19/08/2016	-1141	Sale	17808	1.23
				26/08/2016	-50	Sale	17758	1.23
				02/09/2016	-790	Sale	16968	1.18
				16/09/2016	-97	Sale	16871	1.17
				23/09/2016	-142	Sale	16729	1.16
				07/10/2016	-243	Sale	16486	1.14
				14/10/2016	-10	Sale	16476	1.14
				21/10/2016	-16476	Sale	0	0

Note: \* Common top 10 shareholders as on 01.04.2016 and 31.03.2017

(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 Bhuvania 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 Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	158,67,93,124	63,67,16,124	NIL	222,35,09,248
ii) Interest due but not paid	NIL	NIL	NA	NIL
iii) Interest accrued but not paid	12,130,018	145,104,135	NA	15,72,34,153
<b>Total ( i + ii + iii )</b>	<b>1,598,923,142</b>	<b>781,820,259</b>	<b>NIL</b>	<b>238,07,43,401</b>
Change in Indebtedness during the financial year (Principal Amount)				
- Addition	84,400,000	135,296,839	NA	219,696,839
- (Reduction)	(333,573,796)	-		(333,573,796)
<b>Net Change</b>	<b>(249,173,796)</b>	<b>135,296,839</b>	<b>NIL</b>	<b>(113,876,957)</b>
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	1,341,066,493	729,574,305	NA	2,070,640,798
ii) Interest due but not paid	-	187,542,793	NA	187,542,793
iii) Interest accrued but not due	8,682,853	-	-	8,682,853
<b>Total ( i + ii + iii )</b>	<b>1,349,749,346</b>	<b>917,117,098</b>	<b>NIL</b>	<b>2,266,866,444</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A) Remuneration to Managing Director, Whole-time Directors and/or Manager

(Amount in Rs.)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Shyam Sunder Bhuwania, Vice Chairman & Managing Director	Mr Vivek Dayaram Kohli, Whole Time Director	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,06,20,500	1,01,55,439	2,07,75,939
		10,80,000	2,04,000	12,84,000
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>1,17,00,500</b>	<b>1,03,59,439</b>	<b>2,20,59,939</b>

### B. Remuneration to other directors:

(Amount in Rs.)

S. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Rajendra Prasad Mody	Mr. Vikram Aditya Mody	Ms. Suman Lata Saraswat	Mr. Ramawatar Joshi	Mr. Ratanlal Nangalia	Mr. Mool Chand Gauba	
1.	Independent Directors • Fee for attending Board / Committee meetings • Commission • Others, please specify	-	-	1,60,000	1,20,000	100,000	1,30,000	510,000
		-	-	-	-	-	-	-
	<b>Total (1)</b>	-	-	<b>1,60,000</b>	<b>1,20,000</b>	<b>100,000</b>	<b>1,30,000</b>	<b>5,10,000</b>
2.	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	70,000	10,000	-	-	-	-	80,000
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>70,000</b>	<b>10,000</b>	-	-	-	-	<b>80,000</b>
	<b>Total = (1+2)</b>	<b>70,000</b>	<b>10,000</b>	<b>1,60,000</b>	<b>1,20,000</b>	<b>100,000</b>	<b>1,30,000</b>	<b>5,90,000</b>

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

(Amount in Rs.)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. M.L. Birmiwala, Sr. Vice President-Finance & Company Secretary	Mr. Anil Kumar Chandani, Chief Financial Officer	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	29,51,662 5,42,880	1,08,91,073 3,60,000	1,38,42,735 9,02,880
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>34,94,542</b>	<b>11,251,073</b>	<b>1,47,45,615</b>

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

S. No	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD /NCLT/Court)	Appeal made, If any (give details)
<b>A. COMPANY</b>					
Penalty Punishment Compounding			None		
<b>B. DIRECTORS</b>					
Penalty Punishment Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty Punishment Compounding			None		

For and on behalf of the Board of Directors

Place: New Delhi  
Date: May 15, 2017

Rajendra Prasad Mody  
Chairman  
(DIN: 00140503)



**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 2016 to March 2017	Promain Ltd. provided its premises on lease to the Company for office use	May 23, 2016	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	May 23, 2016	Nil
3	Mrs. Nirmala Bhuwania	Premises taken on rent	Until cancellation as per mutual agreement	House taken on rent to be used as residence for Vice Chairman & Managing Director	May 23, 2016	Nil
4	a. Mr Krishan Kumar Birmiwala b. Mrs Shilpi Birmiwala c. Mrs. Madhu Garg (Relatives of CS/ KMP)	Premises taken on rent	Until cancellation as per mutual agreement	House taken on rent to be used as residence for Company Secretary	May 23, 2016	Nil
5	a. Mr Behari Lal Kejriwal b. Mrs Sumita Kejriwal	Premises taken on rent	Until cancellation as per mutual agreement	House taken on rent to be used as residence for Ex-Chief Financial Officer	May 23, 2016	Nil
6	Mrs. Sanchita Mody (Relative of Director)	Office or place of profit	As per contractual terms	Appointment as Advisor- Corporate Planning	May 23, 2016	Nil
7	Mr. Raghavendra Anant Mody	Office or place of profit	As per contractual terms	Management Advisor	August 12, 2016	Nil

**For and on behalf of the Board of Directors**

**Sd/-**

**Rajendra Prasad Mody**

**Chairman**

**(DIN: 00140503)**

**Place: New Delhi**  
**Date: May 15, 2017**

**Particulars prescribed under Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014****PART- A**

The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**(i) *The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year***

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Mr. Shyam Sunder Bhuwania	1:20
Mr. Vivek Dayaram Kohli	1:17

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**(ii) *The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year***

The percentage increase in remuneration of each Whole-time Director, Chief Financial Officer, Chief Executive Officer and Company Secretary ranges between 0 % to 11 %.

**(iii) *The percentage increase in the median remuneration of employees in the financial year***

The percentage increase in the median remuneration of employees in the financial year is around 8 %.

**(iv) *The number of permanent employees on the rolls of company***

The number of employees on permanent rolls of the company is 613.

**(v) *Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.***

Not applicable

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

- A. 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 (in yrs)	Date of Commencement of Employment	Age (in yrs)	Remuneration (in Rs.)	Previous Employment	
								Designation	Name of the Company
<b>A. EMPLOYED FOR FULL YEAR AND IN RECEIPT OF REMUNERATION FOR THE YEAR WHICH IN AGGREGATE WAS NOT LESS THAN Rs.1,02,00,000/- PER ANNUM</b>									
1	Mr Shyam Sunder Bhuwania	Vice Chairman & Managing Director, CEO	FCA, LL.B	45 years	01-06-1973	73	1,19,24,580/-	Administrative Officer	Hindusthan Development Corporation Limited
2	Mr. Vivek Dayaram Kohli	Whole Time Director	B.E – Electrical	35 years	29-10-2012	61	1,06,28,287	Chief Technology Officer	Sterlite Technologies Ltd.
3.	Mr. Anil Kumar Chandani	Chief Financial Officer	B.Com (Hons), FCA & FCS & AICWA	25 years	01-02-2016	49	1,15,00,008	Sr. V.P- Corporate finance	HSIL Limited
<b>B EMPLOYED FOR PART OF THE YEAR AND IN RECEIPT OF REMUNERATION FOR THE YEAR WHICH IN AGGREGATE WAS NOT LESS THAN RS.8,50,000/- PER MONTH</b>									
<b>NIL</b>									

**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.

**For and on behalf of the Board of Directors**

**Place: New Delhi**  
**Date: May 15, 2017**

**Rajendra Prasad Mody**  
**Chairman**  
**(DIN: 00140503)**

## 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 Disclosures 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

#### (i) Composition

During the year, the total 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.

#### (ii) Meeting, attendance and other directorships

The Board of Directors met Eight times during the Year 2016-2017 i.e. on 09.05.2016, 23.05.2016, 11.07.2016, 12.08.2016, 11.11.2016, 22.12.2016, 02.02.2017, 16.03.2017.

Details of 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	8	7	10	-	-
2.	Mr. Vikram Aditya Mody#	Promoter, Non-Executive	8	1	1	-	-
3.	Mr. Shyam Sunder Bhuwania, Vice Chairman and Managing Director	Executive	8	8	3	3	-
4	Mr. Vivek Dayaram Kohli	Executive	8	8	6	-	-
5	Mr. Ramawatar Joshi	Independent	8	8	1	1	-
6	Mr. Ratan Lal Nanglia	Independent	8	6	1	1	-
7	Mr. Mool Chand Gauba	Independent	8	7	2	3	2
8	Ms. Suman Lata Saraswat	Independent	8	8	3	2	-

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.

# Mr Rajendra Prasad Mody and Mr Vikram Aditya Mody, being father and son, are related to each other.

Last Annual General Meeting held on 30.09.2016 was attended by four directors of company i.e. Mr. Shyam Sunder Bhuwania, Mr. Ratan Lal Nanglia, Mr. Mool Chand Gauba, Ms. Suman Lata Saraswat.

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## CORPORATE GOVERNANCE REPORT (Contd.)

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### (iii) Key functions of the Board

The Board performs various statutory and other functions in connection with managing the affairs of the Company. The key functions performed by the Board are:

- a. Reviewing and guiding corporate strategy, major plans of action, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures, acquisitions and divestments
- b. Monitoring effectiveness of the Company's governance practices and making changes as needed
- c. Selecting, compensating, monitoring and when necessary, replacing Key Managerial Personnel and overseeing succession planning
- d. Aligning remuneration of the Key Managerial Personnel and the Board with long term interests of the Company and its shareholders
- e. Ensuring a transparent Board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board
- f. Monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions
- g. Ensuring integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational controls and compliance with the law and relevant standards
- h. Overseeing the process of disclosure and communications
  - i. Monitoring and reviewing Board Evaluation framework
    - (i) The Company ensures compliance of various statutory requirements by all its business units.
    - (ii) All the Statutory Registers that are required to be maintained, are properly maintained and continuously updated.

### (iv) FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

The Company has formulated a policy to familiarize 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 familiarization programme. The details of such familiarization programme are disclosed on the website of the company which can be observed on <http://hindusthanurban.com/investorrelation.aspx?mpgid=151&pgidtrail=151&catid=14>.

### (v) MEETINGS OF INDEPENDENT DIRECTORS

The meeting of Independent Directors was held on February 02, 2017 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 SEBI Listing Regulations 2015, 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 judgment 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

### (i) Composition

The 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.

## CORPORATE GOVERNANCE REPORT (Contd.)

### (ii) Meeting, quorum and attendance

The Audit Committee meets at least four times in a year with a gap not exceeding one hundred and twenty days between two consecutive meetings. The quorum for the meetings is two members or one third of members whichever is higher.

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

(i)23.05.2016 (ii) 12.08.2016 (iii)11.11.2016 (iv)02.02.2017

The attendance of each Audit Committee Member is as under:

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

### (iii) Terms of Reference

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 30.09.2016 and was attended by Mr. Mool Chand Gauba, Chairman of the Audit Committee.

## 4. NOMINATION AND REMUNERATION COMMITTEE:

### (i) Composition

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. Birniwala is the Secretary of the Committee.

### (ii) Meeting, quorum and attendance

During the year, two meetings of the Committee were held on (i) 11.11.2016 (ii) 02.02.2017. The quorum for the meetings is two members or one third of members whichever is higher.

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

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

### (iii) 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

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## CORPORATE GOVERNANCE REPORT (Contd.)

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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 Bhawania, 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 Rs.)

Particulars	Mr. Shyam Sunder Bhawania	Mr. Vivek Dayaram Kohli
Basic Salary	18,00,000/-	21,60,000/-
Allowance & Perquisites	1,02,00,000/-	84,68,287/-
Total	1,20,00,000/-	1,06,28,287/-

#### Non- Executive Directors

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

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

## 5. STAKEHOLDER'S RELATIONSHIP COMMITTEE

### (i) Composition

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 Bhawania, Executive Director are the members of the Committee. Mr. M.L. Birmiwala is the Secretary of the Committee.

### (ii) Meeting, quorum and attendance

During the year, one meeting of the Committee was held on 11.11.2016. The quorum for the meetings is two members or one third of members whichever is higher.

The attendance of each Stakeholder's Relationship Committee Member is as under:

Name of the Directors	No. of Meetings	
	Held	Attended
Mr. Shyam Sunder Bhawania	1	1
Mr. Ratan Lal Nangalia	1	1
Ms. Suman Lata Saraswat	1	1

During the year one shareholders grievances/complaint was received which was resolved. However no grievances/complaint was pending at the end of the financial year 31.03.2017.

### (iv) Terms of reference

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

#### Name and designation of Compliance Officer

Mr. M.L. Birmiwala, Sr.V.P-Finance & Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Regulation with the BSE Ltd. 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.

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## CORPORATE GOVERNANCE REPORT (Contd.)

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### 6. SHARE TRANSFER COMMITTEE

The Committee consists of Mr. Shyam Sunder Bhuwania, Vice Chairman and Managing Director and Mr. M. L. Birmiwala, Sr. VP-Finance & Secretary of the Company and responsible for approving the transfer, transmission, consolidation of securities, issuance of duplicate share certificates etc. which are in physical form. Meeting of the Committee is held twice a month to consider and approve the transfer/transmission of shares etc. 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 authorized 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.

### 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

#### (i) Composition

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.

#### (ii) Meeting, quorum and attendance

During the year, one meeting of the Committee was held on 12.08.2016. The quorum for the meetings is two members or one third of members whichever is higher.

The attendance of each CSR Committee Member is as under:

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

#### (iii) Terms of reference

The 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.

### 8. GENERAL BODY MEETINGS

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

Financial Year	Venue	Date	Time	Special Resolution Passed
2013-2014	Kanchenjunga, 7th Floor, 18, Barakhamba Road, New Delhi – 110001	02.09.2014	09.30 A.M.	Nil
2014-2015	Kanchenjunga, 7th Floor, 18, Barakhamba Road, New Delhi – 110001	21.09.2015	10.00 A.M.	Nil
2015-2016	Ghalib institute, Aiwan-e-Ghalib Marg, New Delhi-110002	30.09.2016	9:30A.M.	Yes*

\*The special resolution was passed for appointment and remuneration of Mr. Vivek Dayaram Kohli as whole time Director for a period of three years w.e.f. April 1, 2016.

No Special Resolution has been passed through Postal Ballot during the financial year 2016-17.

The Extra ordinary general meeting was held on December 22, 2016 at Ghalib Institute, Aiwan-e-Ghalib Marg, New Delhi-110002 to consider and approve the appointment of Statutory Auditors of the Company in casual vacancy.



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## CORPORATE GOVERNANCE REPORT (Contd.)

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### 9. 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:

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 a Whistle Blower Policy in place as per the provision of Companies Act, 2013 and as required by the Listing Regulations 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 and Hindusthan Vidyut Products Limited and Hindusthan Projects Limited are wholly owned subsidiary Companies.

Hindusthan Speciality Chemicals Limited has become a material subsidiary of the Company.

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 and 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.

### 10. 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 Bombay 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](http://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 report**

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 BSE Ltd. The Company intimates Stock Exchange all price sensitive information which in its opinion are material & of relevance to the shareholders.

## CORPORATE GOVERNANCE REPORT (Contd.)

### 11. GENERAL SHAREHOLDER INFORMATION

i.	Annual General Meeting	:	September 29, 2017
	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 June 30, 2017	:	End August, 2017
	Financial Reporting for Quarter ending September 30, 2017	:	Mid November, 2017
	Financial Reporting for Quarter ending December 31, 2017	:	Mid February, 2018
	Financial Reporting for Quarter/ year ending March 31, 2018 (Audited)	:	End May, 2018
iii.	Book Closure	:	September 16, 2017 to September 29, 2017
iv.	Dividend Payment date	:	The Board has recommended a dividend of Re.1/- per equity share of Rs.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 19.10.2017
	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	:	Shares of the Company were listed on BSE Ltd w.e.f July 14, 2016.
vi.	Stock Code	:	539984 with BSE. For dematerialization –INE799B01017
vii.	Registrar & Transfer Agents:	:	Skyline Financial Services Private Limited, D-153/A, First Floor, Okhla Industrial Area, Phase-1, New Delhi – 110020
viii.	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.
ix.	Distribution of Shareholding as on March 31, 2017		
x.	As on March 31, 2017, your Company had 1192 shareholders having the total equity shares. The following is the distribution:		

## CORPORATE GOVERNANCE REPORT (Contd.)

No. of Shares held	No. of Shareholders	% of Shareholders	Aggregate Shares held	% of Shareholding
1 – 500	1108	92.95	93466	6.48
501 – 1000	36	3.02	27654	1.92
1001 – 2000	18	1.51	24870	1.72
2001 – 3000	13	1.09	33436	2.32
3001 – 4000	0	0	0	0
4001 – 5000	3	0.25	14200	0.98
5001 – 10000	2	0.17	15106	1.05
10001 & above	12	1.01	1234153	85.53
<b>Total</b>	<b>1192</b>	<b>100</b>	<b>1442885</b>	<b>100.00</b>

xi. Dematerialization of Shares:

The Company entered into tripartite agreement with both Depositories i.e, 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.

xii. Outstanding Stock Option : There are no outstanding warrants or any convertible instruments as on March 31, 2017

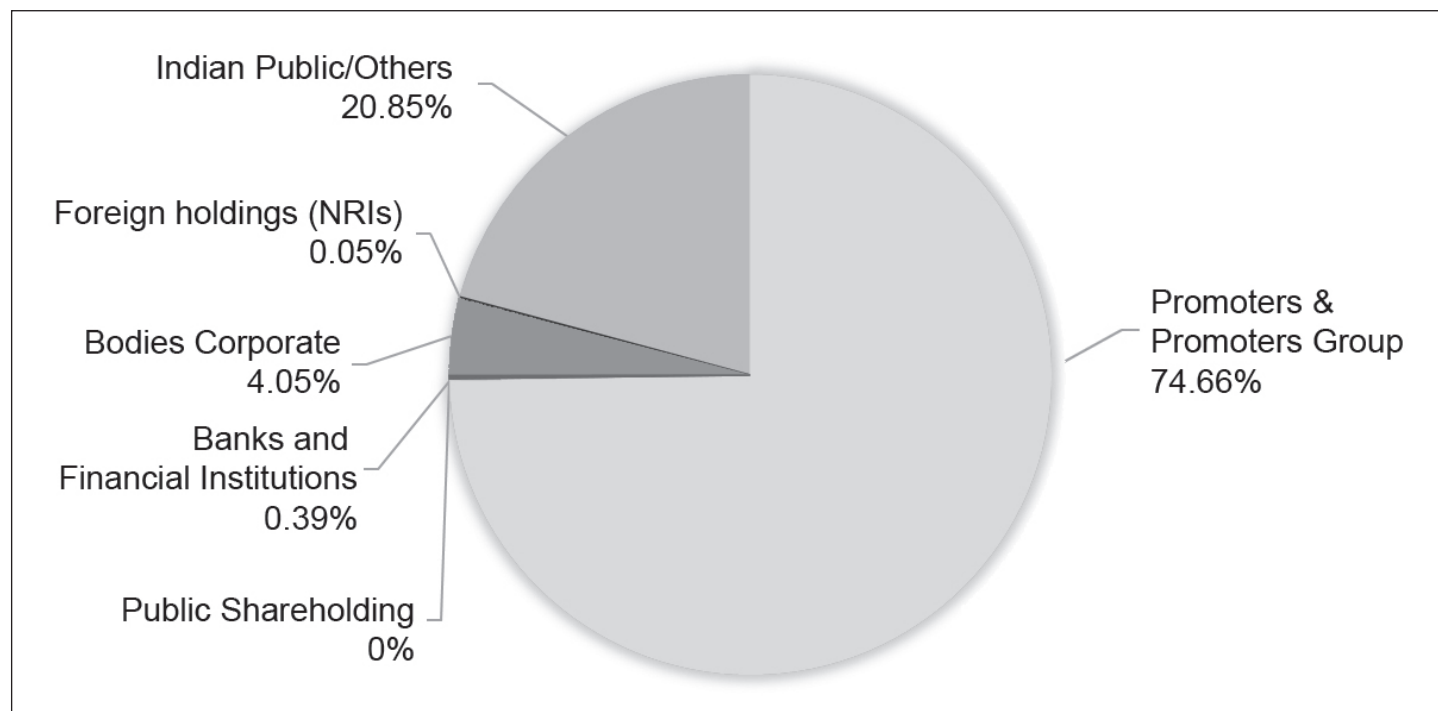
xiii. Plant Locations : Industrial Area, P.O. Birla Nagar, Gwalior - 474004 (M.P)  
: Plot No. 1C, Brahmaputra Industrial Park, Village: Sila, P. O. College Nagar, North Guwahati, Distt. Kamrup – 781031 (Assam)  
: Plot No. 321, 325/1386, Champajhara, Mallipada, Distt.- Khurda-752108, Odisha  
: Insulators & 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 March 31, 2017

	Shares held by	No. of Shares	% of Shareholding
I.	Promoters & Promoters Group	1077245	74.66
II.	Public Shareholding		
	1. Banks and Financial Institutions	5600	0.39
	2. Bodies Corporate	58512	4.05
	3. Foreign holdings (NRIs)	653	0.05
	4. Indian Public/ Others	300875	20.85
	<b>Totalt</b>	<b>1442885</b>	<b>100.00</b>

## CORPORATE GOVERNANCE REPORT (Contd.)



### xvi. Market Information

Monthly high/low of the market price of the Company's Equity Shares (of Rs.10 each) traded on BSE Limited during the financial year 2016-17 is given thereunder:

Month	BSE Limited	
	High (in Rs.)	Low(in Rs.)
Jul-16	1,470.00	1,263.50
Aug-16	1,200.35	663.00
Sep-16	845.00	690.00
Oct-16	830.00	716.40
Nov-16	850.00	675.85
Dec-16	799.00	700.00
Jan-17	900.00	552.10
Feb-17	858.95	705.00
Mar-17	880.00	707.10

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## CORPORATE GOVERNANCE REPORT (Contd.)

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xvii Unclaimed Dividend : The dividend for the year 2008-2009 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	24.08.2009
Dividend Date of transfer to Unclaimed/Unpaid Investor Education and Protection Fund	24.08.2016

The unclaimed dividend for the financial year 2009-2010 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 14.08.2017, Unclaimed Dividend for the financial year 2009-10 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 of Listing Regulations.

**a) Audit Qualification**

The statutory Auditors have expressed unmodified opinion on the financial statements.

**b) Reporting of Internal Auditor**

The Internal Auditors of the Company directly reports to the Audit Committee which oversees the internal audit functions.

**For and on behalf of the Board of Directors**

**Place: New Delhi**  
**Date: May 15, 2017**

**Rajendra Prasad Mody**  
**Chairman**  
**(DIN: 00140503)**

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## DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT

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In accordance with SEBI(Listing Obligations and Disclosures 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 the year ended 31st March, 2017.

For Hindusthan Urban Infrastructure Limited

Sd/-  
Shyam Sunder Bhuwania  
Vice Chairman and Managing Director

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## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
HINDUSTHAN URBAN INFRASTRUCTURE LIMITED  
(Formerly Hindusthan Vidyut Products Limited)

1. We, **K.N. GUTGUTIA & COMPANY, CHARTERED ACCOUNTANTS**, the Statutory Auditors of **HINDUSTHAN URBAN INFRASTRUCTURE LIMITED** (Formerly Hindusthan Vidyut Products Limited (the "Company")), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Management's Responsibility

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

### Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

4. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013, in so far as applicable for the purpose of this Certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

6. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2017.

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7. 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 K. N. GUTGUTIA & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**FRN 304153E**

**PLACE: NEW DELHI**  
**DATE: 15th MAY, 2017**

**(B. R. GOYAL)**  
**PARTNER**  
**M. NO. 12172**

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### **CEO & CFO CERTIFICATE**

We hereby certify that-

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 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 accordance 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 March 31, 2017 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 system 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.

**Place: New Delhi**  
**Date: May 15, 2017**

**Anil Kumar Chandani**  
**(Chief Financial Officer)**

**Shyam Sunder Bhuwania**  
**(Vice Chairman & Managing Director)**

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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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### 1. Industry Structure and Developments

Power being one of the components of infrastructure crucial for the economic growth of nations, the existence and development of adequate infrastructure is essential for sustained growth of the Indian economy.

Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity, massive addition to the installed generating capacity is required.

India ranks third among 40 countries in EY's Renewable Energy Country Attractiveness Index, on back of strong focus by the government on promoting renewable energy and implementation of projects in a time bound manner.

Indian power sector is undergoing a significant change that has redefined the industry outlook. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. Total installed capacity of power plants in India stood at 315,426.32 Megawatt (MW) as of February 28, 2017. The Ministry of Power has set a target of 1,229.4 billion units (BU) of electricity to be generated in the financial year 2017-18, which is 50 BU's higher than the target for 2016-17.

### 2. Opportunities & Threats

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.

The CRU Summary report published in March 2017 states that as part of promise to provide electricity to all its citizens, government of India is garnering investments through a mix of higher budgetary allocations to various related schemes and by boosting private sector funding through Public Private Partnership (PPP). The increased funds have accelerated project activity and led to a higher consumption of aluminium conductor.

The Power Grid Corporation of India (PGCIL) operates 95% of the country's transmission network and almost all aluminium conductor demand in India is for Bare Overhead Conductors (BOHCs). Since the start of 2016, PGCIL invested INR 370 billion (\$5.7 billion) in expanding and modernising the grid. By the end of 2018 the administration is seeking to add a further 84,500 km to PGCIL's existing network of 130,000 km, with efforts to expand the transmission network centred on improving links to north, east and northeast India. The government is also focused on electrifying the whole of rural India and set a 1,000-day target to achieve this goal. This is also expected to provide demand support for aluminium conductors.

With the more and more TBCB (Tariff based competitive bidding ) and also turnkey route of projects rather than direct purchase by user, prices are going to push further down ward leading to erosion of bottom line for the product manufacturer.

### 3. Segment-wise or Product-wise Performance

During the year revenue from operations of Insulator Division has increased by 16.22% from Rs.191.63 crs in FY 2015-16 to Rs.222.72 Crs. in FY 2016-17 and profit before Interest & Tax has grown 37.62% from Rs.12.12 Crs. in FY 2015-16 to Rs.16.68 Crs in FY 2016-17.

During the year revenue from operations of Conductor Division has decreased by 10.12% from Rs.556.69 crs to Rs.500.35 Crs. while profit before Interest & Tax has fallen to Rs.11.02 Crs. as compared to Rs.19.15 Crs in previous financial year. We are hopeful that our performance in coming year shall improve with our own strengths of lower costs in logistics, packing and higher volume procurement strategy for Aluminium ingots and to convert the same into rods in our rolling mill at a lower cost to cater our needs.

### 4. Future Outlook

The government's immediate goal is to doubling the current production of energy by 2019 to provide 24x7 electricity for residential, industrial, commercial and agriculture use.

For which number of steps and initiatives like 10-year tax exemption for solar energy projects, etc. are being taken. The government has also sought to restart the stalled hydro power projects and increase the wind energy production target to 60 GW by 2022 from the current 20 GW.

The Government of India plans to start as many as 10,000 solar, wind and biomass power projects in next five years, with an average capacity of 50 kilowatt per project, thereby adding 500 megawatt to the total installed capacity.

Minister of State for Power outlined Government of India's goal to provide electricity to every home in India by 2020, while also focusing on ensuring the cost of power is affordable to everyone. The Government of India announced a massive renewable power production target of 175,000 MW by 2022; this comprises generation of 100,000 MW from solar power, 60,000 MW from wind energy, 10,000 MW from biomass, and 5,000 MW from small hydro power projects.



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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

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Insulator division is maintaining sustained service level to its existing customers. Insulators with 245kv, 400kv & 765 kv for Circuit Breakers have been developed in order to have part of the business from Circuit Breaker Manufacturers. However, future market is not looking good seeing the immense pressure on prices and high degree of competition.

### 5. Risk and Concerns

In-spite of significant investments in the power sector, electricity prices have come down on account of more tariff-based competitive bidding projects coupled with the increase in aluminium prices has led conductor manufacturer to adopt a wait-and-watch attitude. Conductor manufacturer are hoping to prevent a build-up of working capital as the same volume of material purchased would lead to a higher portion of cash being blocked. Consequently lower trading and buying activity in the market resulting to reduction in demand of your products. This is primarily from those projects where a bid has been awarded to a winning manufacturer but the manufacturer is still going through their own ordering cycle.

Recent solar auction prices have seen tariff prices declining. In order to keep the projects viable, solar plant developers are negotiating lower prices, in turn putting pressure on EPC contractors and equipment suppliers. Consequently transmission and distribution pricing has yet to see any significant improvement and demand continues to be weak.

### 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 successfully implemented SAP in key functions to improve operational efficiency and faster management reporting system. The company is implementing a Legal Compliance Tracker Soft to ensure robust compliance and governance system. The Company has appointed an external CA Firm as Internal Auditors, which is supplemented by in-house internal audit team which ensures that the internal control systems and standard operating 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. All Internal Audit Reports are regularly placed before the Audit Committee for their approval and advising appropriate action, wherever required.

### 7. 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 focus in HR Systems, Company has implemented system and procedures in HR system in line with the industry standards. The company seeks to motivate and retain its professional by offering reasonable compensation and opportunity to grow in the organisation by systematic training for all employees and with career and succession plans in place. The total permanent employee's strength of the company was 613 as on 31.03.2017. The industrial relations in all Works remained cordial during the year.

### 8. Financial/ Operational performance:

The total standalone revenue from operations has decreased by about 3.29% mainly due to lower order delivery resulting in lower overall profit after taxation and before depreciation of Rs.13.67 Crores.

### 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

Rajendra Prasad Mody  
Chairman  
(DIN: 00140503)

Place: New Delhi  
Date: 15th May, 2017

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## INDEPENDENT AUDITOR'S REPORT

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### TO THE MEMBERS OF HINDUSTHAN URBAN INFRASTRUCTURE LIMITED

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of **HINDUSTHAN URBAN INFRASTRUCTURE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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 which we have signed under reference to this report.

#### Management's responsibility for the Financial Statements

2. 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 and presentation 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 provision 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.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
  - (ii) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
  - (iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Other Matter

We did not audit the financial statements of Guwahati Unit of the Company included in the standalone financial statement, whose financial statement reflect total assets of Rs. 56,40,97,462/-as at 31st March, 2017 and total revenues & profit before tax of Rs. 1,46,07,53,897/- & Rs 13,21,69,607/-respectively for the financial year 2016-17 as considered in the standalone financial statement. These financial statements have been audited by the other auditor, whose report has been furnished to us by the management and our opinion on the standalone Statement, in so far as it relates to the amounts and disclosure included in respect of Guwahati Unit is based solely on the report of the other auditor.

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## INDEPENDENT AUDITOR'S REPORT (Contd.)

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### Report on Other Legal and Regulatory Requirement

7. As required by the Companies (Auditor's Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the said Order.
8. 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 purpose of our audit;
  - b. in our opinion proper books of accounts as required by the law have been kept by the Company, so far as appears from our examination of those books and report received from the branch auditor of Guwahati unit;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements dealt with by this report comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013;
  - e. on the basis of written representations received from the directors as on 31st March 2017, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2017 from being appointed as director in terms of section 164(2) of the Companies Act, 2013 ;
  - f. With respect to the adequacy of the Internal Financial Controls over the financial reporting of the Company and 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 litigation on its financial position in its financial statement (Refer note 25 to the financial statement);
    - II. The Company did not have any foreseeable losses on long term contracts and had no derivative contracts outstanding as at 31st March 2017;
    - III. There has been no delay in transferring amounts required to be transferred to Investor Education and Protection Fund by the company; and
    - IV. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. (Refer note 33 to the financial statements).

**FOR K.N. GUTGUTIA & COMPANY  
CHARTERED ACCOUNTANTS  
FRN 304153E**

**(B.R. GOYAL)  
PARTNER  
M.NO. 12172**

PLACE: NEW DELHI  
DATE: 15TH MAY, 2017

## INDEPENDENT AUDITOR'S REPORT (Contd.)

### ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure "A" referred to in paragraph 7 of our report of even date to the members of **Hindusthan Urban Infrastructure Limited** on the financial statements for the year ended 31st March, 2017.

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of fixed assets has been carried out by the Company and no material discrepancies were noticed on such verification. In our opinion the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) Title deeds of immovable properties of the company are held in the name of the Company.
- ii) (a) The inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion, no material discrepancies were noticed on physical verification of stocks.
- iii) According to the information and explanations given to us, the Company has, during the year, granted unsecured loans to its wholly owned subsidiary company covered in the register maintained under section 189 of the companies Act, 2013. The terms and conditions of the grant of such loans are not prejudicial to the company's interest. The principal amount is repayable on demand & borrower has been regular in paying interest on loan and there is no overdue principal amount at the year end.
- iv) According to the information and explanation given to us, the company has complied with provision of Section 185 & 186 of the Act, in respect of making Investment, grant of Loans and providing guarantees.
- v) The Company has not accepted any deposits during the year and hence paragraph 3(v) of the Order is 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 records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues wherever applicable.  
According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as on the last date of the financial year 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 Rs.)	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	1,720,197	2004-05	Sales Tax Tribunal, Chandigarh
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, U.P.	552,926	1995-96	Assistant Commissioner, (Assessment) Ghaziabad
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, U.P.	925,200	2001-02	Hon'ble High Court, Allahabad
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, U.P.	70,678	1985-86	Tribunal, Ghaziabad
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, Gwalior	3,474,512	2013-14	Commissioner of VAT (Appeal), Gwalior

## INDEPENDENT AUDITOR'S REPORT (Contd.)

Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, Gwalior	8,594,714	2014-15	Commissioner of VAT (Appeal), Gwalior
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, Bhopal	603,441	2013-14	MP Commerical tax Appeal Board, Bhopal
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, Bhopal	2,857,782	2011-12	MP Commerical tax Appeal Board, Bhopal
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, Bhopal	1,783,192	2012-13	MP Commerical tax Appeal Board, Bhopal
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, Bhopal	434,478	2014-15	MP Commerical tax Appeal Board, Bhopal
Central Sales Tax Act, 1956 & Sales Tax/Vat Act of Various States	Sales Tax, Bhopal	1,515,021	2015-16	MP Commerical tax Appeal Board, Bhopal
Municipal Corporation, Faridabad	Development Charges at Faridabad, Work Land	13,712,183	2013-14	Hon'ble High Court, Chandigarh
Central Excise	No Proper Endorsement On Bill of Entry	31,869,030	Feb 2009-Aug 2009	Hon'ble Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise	No Proper Endorsement On Bill of Entry	11,969,731	2009-10	Hon'ble Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise	Evaded payment of Central Excise Duty and cess against Duty on VAT Remission	6,782,510	2012-13	The Commissioner (Appeals), Customs & Central Excise, Guwahati.
Central Excise	Evaded payment of Central Excise Duty and cess against Duty on VAT Remission	2,852,394	2014-15	The Commissioner (Appeals), Customs & Central Excise, Guwahati.
Income Tax Department	Income Tax	1,840,570	2005-06	ITAT, New Delhi
Income Tax Department	Income Tax	148,860	2007-08	CIT, Appeals, Kolkata
Income Tax Department	Income Tax	3,170,477	2010-11	CIT, Appeals, Kolkata
Income Tax Department	Income Tax	7,378,430	2011-12	CIT, Appeals, Kolkata
Income Tax Department	Income Tax	833,127	2013-14	CIT, Appeals, Kolkata
Income Tax Department	Income Tax	426,998	2014-15	CIT, Appeals, Kolkata

Apart from these dues, the Company has received demand of Rs. 6,69,27,117/- from Income Tax department related to assessment year 13-14 & 14-15 however the credit of advance Income tax of Rs. 4,66,00,000/- has not been adjusted against liability at the time of assessment but the same is reflecting in records of Income tax department (As per statement of 26AS) and balance demand is due to interest charged on the above. The company has filed rectification for the said demand.

- viii) Based on our audit procedures and according to the information given by the management, the company has not defaulted in repayment of loans or borrowings from any financial institution, bank or government during the year.
- ix) In our opinion and according to the information and explanations given to us, the Company has taken term loan and applied for the purpose for which they were raised and money has not been raised by way of initial public offer or further public offer (including debt instrument) during the year.
- x) Based upon the audit procedures performed and to the best of our knowledge and according to the information and explanations given to us by the management, we report that no fraud by the Company or any fraud on the company by its officer or employees has been noticed or reported during the course of our audit.

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## INDEPENDENT AUDITOR'S REPORT (Contd.)

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- xi) The managerial remuneration has been paid / provided (by the Company)are in Compliance with Section 197 read with schedule V to the Companies Act, 2013.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii) As explained to us and as per the records of the company, in our opinion the transactions with the related parties are in Compliance with Section 177 and Section 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standard.
- xiv) According to the records the company, it has not made any preferential allotment of shares or private placement of shares or fully/partly convertible debentures during the year under report. Accordingly paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv) During the year, the Company has not entered into any non-cash transaction with Director or person connected with him. Hence paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934 and hence paragraph 3 (xvi) of the Order is not applicable to the Company.

**FOR K.N. GUTGUTIA & COMPANY  
CHARTERED ACCOUNTANTS  
FRN 304153E**

**(B.R. GOYAL)  
PARTNER  
M.NO. 12172**

PLACE: NEW DELHI  
DATE: 15TH MAY, 2017

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## INDEPENDENT AUDITOR'S REPORT (Contd.)

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### ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HINDUSTHAN URBAN INFRASTRUCTURE LIMITED

#### 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 March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for 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". 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 controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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 March 31, 2017, 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.N. GUTGUTIA & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**FRN 304153E**  
**(B.R. GOYAL)**  
**PARTNER**  
**M.NO. 12172**

PLACE: NEW DELHI  
DATE: 15TH MAY, 2017

## BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	14,428,850	14,428,850
(b) Reserves and Surplus	3	2,691,853,744	2,709,136,310
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	428,465,400	463,106,461
(b) Deferred Tax Liabilities (Net)	5	190,226,921	222,169,000
(c) Long Term Provisions	6	51,766,275	48,178,082
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	7	1,503,911,342	1,638,970,788
(b) Trade Payables			
i) Due to micro and small enterprises	26	8,800,075	14,715,180
ii) Due to others		1,235,517,554	1,378,843,415
(c) Other Current Liabilities	8	503,565,595	403,427,469
(d) Short-Term Provisions	9	67,566,041	73,370,802
<b>Total</b>		<b>6,696,101,797</b>	<b>6,966,346,357</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		2,170,258,848	2,248,530,134
(ii) Intangible Assets		28,562,453	1,748,479
(iii) Capital Work-in-Progress		25,918,015	26,302,382
(b) Non-Current Investments	11	900,671,932	908,701,885
(c) Long Term Loans and Advances	12	177,430,747	180,041,294
<b>(2) Current Assets</b>			
(a) Inventories	13	777,107,879	731,461,696
(b) Trade Receivables	14	2,302,264,985	2,544,959,791
(c) Cash and Bank Balances	15	65,534,741	47,675,442
(d) Short-Term Loans and Advances	16	235,905,022	274,542,815
(e) Other Current Assets	17	12,447,175	2,382,439
<b>Total</b>		<b>6,696,101,797</b>	<b>6,966,346,357</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes to the financial statements</b>	<b>2-39</b>		

The note referred to above form an integral part of the financial statements.

For and on behalf of the Board of directors of  
Hindusthan Urban Infrastructure Ltd

As per our report of even date  
For KN Gutgutia & Co  
Chartered Accountants  
FRN: 304153E

R.P.Mody  
(DIN No.00140503)  
Chairman

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

(B R Goyal)  
Partner  
M.No.12172

Anil Kr. Chandani  
Chief Financial Officer

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

Place: New Delhi  
Date: 15th May 2017



## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
<b>I. Revenue from Operations</b>			
Revenue from Operations (Gross)		7,266,351,090	7,513,333,737
Less: Excise Duty		706,832,512	710,952,651
Net Revenue from Operations	18	6,559,518,578	6,802,381,086
<b>II. Other Income</b>	19	48,927,124	45,117,578
<b>III. Total Income (I+II)</b>		<b>6,608,445,702</b>	<b>6,847,498,664</b>
<b>IV. Expenses:-</b>			
Cost of Materials Consumed	20	4,348,351,059	4,886,942,796
Purchase of Stock-In-Trade		5,187,006	-
Changes in Inventories of Finished goods, Work-in-Progress, Scrap & Stock in Trade	21	19,547,085	(243,179,372)
Employee Benefit Expense	22	301,569,756	309,134,609
Finance Costs	23	368,213,024	339,784,980
Depreciation and Amortization Expense	10	152,239,404	130,350,399
Other Expenses	24	1,460,826,391	1,378,401,661
<b>Total Expenses</b>		<b>6,655,933,725</b>	<b>6,801,435,072</b>
<b>V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)</b>		(47,488,023)	46,063,592
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit / (Loss) before extraordinary items and tax (V-VI)</b>		(47,488,023)	46,063,592
<b>VIII. Extraordinary Items</b>		-	(36,332,569)
<b>IX. Profit / (Loss) before tax (VII-VIII)</b>		(47,488,023)	9,731,023
<b>X. Tax expense:-</b>	32		
Current tax		-	(6,195,055)
Deferred tax		(31,942,079)	
<b>XI. Profit / (Loss) for the year (IX-X)</b>		<b>(15,545,944)</b>	<b>15,926,078</b>
<b>XII. Earning per equity share:-</b>	36		
(1) Basic		(10.77)	11.04
(2) Diluted		(10.77)	11.04

**Significant Accounting Policies**

1

**Notes to the financial statements**

2-39

The note referred to above form an integral part of the financial statements.

For and on behalf of the Board of directors of Hindusthan Urban Infrastructure Ltd

**As per our report of even date**

**For KN Gutgutia & Co**

**Chartered Accountants**

**FRN: 304153E**

**R.P. Mody**  
(DIN No.00140503)  
Chairman

**S.S. Bhuwania**  
(DIN No.00107171)  
Vice Chairman and  
Managing Director

**(B R Goyal)**

**Partner**

**M.No.12172**

**Anil Kr. Chandani**  
Chief Financial Officer

**M.L.Birmiwala**  
Sr. V.P. Finance &  
Company Secretary

Place: New Delhi

Date: 15th May 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
Net Profit /(Loss) Before Tax & Extraordinary Items	(47,488,023)	46,063,592
Adjustments for :		
Depreciation & amortisation expenses	152,239,404	130,350,399
Unrealised Foreign Exchange Fluctuation Loss/(Gain)	(2,497,300)	(2,900,709)
Finance Cost	368,213,024	339,784,980
Provision for Liquidated Damages/ Bad Debts W/of	5,655,704	3,772,395
Liability/Sundry Balance Written back	(11,955,697)	(2,887,744)
Provision for Employee Benefits	12,821,659	(14,764,413)
Extra Ordinary Items	-	(36,332,569)
Interest Income	(17,840,296)	(17,123,540)
Dividend Income	-	(4,696,072)
Profit on Sale of Fixed Assets	(3,665,541)	(1,489,249)
Profit on Sale of Investment	(9,904,922)	(363,394)
<b>Operating Profit Before Working Capital Changes</b>	<b>445,578,012</b>	<b>439,413,676</b>
Adjustments for:		
(Increase)/Decrease in Trade Receivable	234,448,697	(829,843,195)
(Increase)/Decrease in Loans & Advances	48,120,569	57,378,208
(Increase)/Decrease in Inventories	(45,646,183)	(248,749,598)
Increase/(Decrease) in Trade Payable, Provisions & Other liabilities	(82,953,432)	859,695,856
<b>Cash Generated from Operations</b>	<b>599,547,663</b>	<b>277,894,947</b>
Direct Tax Paid (net of refund)	1,860,429	12,576,754
<b>Net Cash Inflow /(Outflow) in course of Operating Activities</b>	<b>597,687,234</b>	<b>265,318,193</b>
<b>B. CASH FLOW ARISING FROM INVESTING ACTIVITIES</b>		
Acquisition / Purchase of Fixed Assets	(121,643,630)	(214,203,090)
Sale Proceeds of Fixed Assets	10,590,099	12,189,105
Purchase of Investment	(354,086,932)	(33,803,297)
Investment in Equity Share Capital in subsidiary company	(36,720,000)	(168,800,000)
Sale of Investments in shares / mutual funds	408,741,807	5,155,157
Interest Income Received	14,598,787	22,592,172
(Investment)/redemption in Term Deposit with bank as margin money (including unclaimed dividend)	(22,115,798)	7,820,945
Dividend Income Received	-	4,696,072
Capital Subsidy received	-	14,294,795
Loan received back from subsidiary	2,200,000	-
Loan given to Subsidiary (net)	(22,000,000)	-
<b>Net Cash Inflow /(Outflow) in course of Investing Activities</b>	<b>(120,435,667)</b>	<b>(350,058,141)</b>
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES</b>		
Proceeds From / (Repayment) of Short Term Borrowings (net)	(204,721,740)	105,994,877
Loan taken from Related party	74,750,000	105,218,000
Proceeds From Long Term Borrowings	84,400,000	164,982,034
Repayment of Long term Borrowings	(112,713,146)	(28,793,729)
Finance Cost Paid	(321,477,923)	(278,173,459)
Dividend Paid (including DDT)	(1,745,256)	(1,721,411)
<b>Net Cash Inflow /(Outflow) in course of Financing Activities</b>	<b>(481,508,065)</b>	<b>67,506,312</b>
Net Increase/ (Decrease) in cash & cash Equivalent	(4,256,499)	(17,233,636)
Cash & cash Equivalent at Beginning of the Year	9,780,255	27,013,891
Cash & cash Equivalent at End of the Year	5,523,756	9,780,255
<b>Components of cash &amp; cash equivalents:</b>		
- Balance with Banks : On current accounts	3,564,682	7,411,193
- Cash on hand	1,959,074	2,369,062
	<b>5,523,756</b>	<b>9,780,255</b>

- 1) The above cash flow has been prepared under indirect method as set out in AS-3 "Cash Flow Statement".  
 2) Acquisition/Purchase of fixed assets includes movement of capital work in progress, Intangible assets under development and capital advances & capital payable, paid during the year.

For and on behalf of the Board of directors of Hindusthan Urban Infrastructure Ltd

As per our report of even date  
 For KN Gutgutia & Co  
 Chartered Accountants  
 FRN: 304153E

(B R Goyal)  
 Partner  
 M.No.12172

Place: New Delhi  
 Date: 15th May 2017

R.P.Mody  
 (DIN No.00140503)  
 Chairman

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

Anil Kr. Chandani  
 Chief Financial Officer

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Preparation of Financial Statements

The accounts of the Company are prepared under the historical cost convention except for certain fixed assets which are revalued on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the other relevant provisions of the Companies Act, 2013, pronouncements of the Institute of Chartered Accountants of India, and the guidelines issued by the Securities and Exchange Board of India ("SEBI"), to the extent applicable. The Financial Statements are presented as per Schedule III to the Companies Act, 2013.

#### B. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee benefit plans, income taxes, useful lives of tangible assets and intangible assets, impairment of assets, valuation of derivatives, provision for doubtful debts, etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Effect of material changes is disclosed in the notes to the financial statements.

#### C. 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.

#### D. Revenue Recognition

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, recovery of the consideration is reasonably assured and the amount of revenue can be measured reliably. Revenues include excise duty and are shown net of sales tax, value added tax and discounts, if any.

Receipt of subsidy, disbursed by the Governments is included in other operating income. The subsidy amount is recognized only to the extent that the realization is reasonably assured.

Dividend income is recognized when the right to receive the income is established. Income from interest on deposits

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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and loans is recognized on time proportionate basis. Export incentives/ benefits are accounted for on accrual basis in the year in which exports are made and are included in other operating income.

### **E. 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.

### **F. 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.

### **G. 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.

### **H. 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.

Expenditure incurred on start up and commissioning of the project and/or substantial expansion, including the expenditure up to the date of commencement of commercial production are capitalised. Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

With effect from the current year, pursuant to the amendment in AS -10, Property, Plants & Equipment, spare parts having life more than 12 months are capitalised at their respective carrying amount with the main assets and are being depreciated over remaining useful life of the main assets prospectively.

### **I. 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.

### **J. 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.
- (iii) Leasehold land is amortized over the lease period.
- (iv) Intangible Fixed Assets like Product development, Software systems etc. are being amortized over a period of five years.

### **K. Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset/cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset/cash generating unit. If such recoverable amount of the asset or the recoverable amount of the cash generating unit is less

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognized for an asset/cash generating unit in prior accounting periods may no longer exist or may have decreased. If any such indications exists, the asset's/ cash generating unit's recoverable amount is estimated. The carrying amount of the fixed asset/ cash generating unit is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous periods. A reversal of impairment loss is recognized in the Statement of Profit and Loss.

### **L. Foreign Currency Transactions and Translations**

- (a) Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.
- (b) Conversion: Foreign currency monetary items, if any are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (c) Exchange Difference: Exchange differences arising on the settlement of monetary items, if any or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise
- (d) Foreign Exchange Forward Contracts: Monetary Assets and Liabilities, if any are restated at the rate prevailing at the period end or at the spot rate at the inception of forward contract where forward cover for specific asset/ liability has been taken and in respect of such forward contracts the difference between the contract rate and the spot rate at the inception of the forward contract is recognized as income or expense in Statement of Profit and Loss over the life of the contract. All other outstanding forward contracts on the closing date are mark to market and resultant loss is recognized as expense in the Statement of Profit and Loss. Mark to market gains, if any, are ignored. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

### **M. Investments**

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current Investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investment, such reduction being determined and made for each investment individually.

### **N. 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 in case of Insulators Division on the basis of First-in-First out (FIFO). The cost of work-in-progress and finished goods comprises of raw materials, direct labour, other direct costs, cost of conversion and appropriate portion of variable and fixed production overheads and such other costs incurred as to bring the inventory to its present location and condition inclusive of excise duty wherever applicable. Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion/reprocessing and the estimated cost necessary to make the sale.

### **O. 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.

### **P. Government Grants**

Grants received from the government agencies for the specific fixed assets are shown as deduction in the year

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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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 operating Income where it is certain that ultimate realisability is certain.

### **Q. INCOME TAX**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

#### **CURRENT TAX**

Current tax expenses is based on the provisions of Income Tax Act, 1961 and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the Company is entitled to as well as the reliance placed by the Company on the legal advices received by it. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

#### **DEFERRED TAX**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the current year and reversal of timing differences for earlier years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets and deferred tax liabilities are offsets when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing tax laws.

### **R. 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.

### **S. PROVISIONS AND CONTINGENT LIABILITIES**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

### **T. SEGMENT REPORTING**

The accounting policies adopted for segment reporting are in line with accounting policies of the Company. Revenue, Expenses, Assets and Liabilities have been identified to segments on the basis of their relationship to operating activities of the segments and Internal Management Information Systems and the same is reviewed from time to time to realign the same to conform to the Business Units of the Company. Revenue, Expenses, Assets and Liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, has been treated as "Common Revenue/Expenses/Assets/Liabilities", as the case may be.

### **U. CASH & EQUIVALENT:**

Cash & cash equivalent comprise cash balances in hand, Cash balance with bank, and highly liquid investment with original maturity, at the date of purchase/investment of three months or less.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

	As At March 31, 2017 (₹)	As At March 31, 2016 (₹)
<b>NOTE NO - 02: - Share Capital</b>		
<b>AUTHORISED</b>		
25,00,000 Equity Shares of ₹ 10/-each. (PY 25,00,000 Equity Shares of ₹ 10/-each.)	25,000,000	25,000,000
<b>ISSUED AND SUBSCRIBED</b>		
14,43,000 Equity Shares of ₹ 10/-each. (PY 14,43,000 Equity Shares of ₹ 10/-each.)	14,430,000	14,430,000
<b>PAID UP</b>		
14,42,885 Equity Shares of ₹ 10/-each fully paid up. (14,42,885 Equity Shares of ₹ 10/-each fully paid up.)	14,428,850	14,428,850
	<b>14,428,850</b>	<b>14,428,850</b>

### 2.1 RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:

	As At March 31, 2017		As At March 31, 2016	
	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

- 2.2 The Company has only one class of shares referred to as equity shares having par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote per share.
- 2.3 Shares in respect of each class in the company held by its holding company rights ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate : NIL
- 2.4 Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts : NIL
- 2.5 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- 2.6 The company has not Issued equity share capital including shares allotted for consideration other than cash during the last five years.
- 2.7 Dividend of Rs 1/- share (Previous Year Rs 1/-) proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

### 2.8 DETAILS OF SHAREHOLDERS HOLDING MORE THEN 5% SHARES IS SET OUT BELOW:

NAME OF SHAREHOLDER	As At March 31, 2017		As At March 31, 2016	
	No of Shares	% of Share holding	No of Shares	% of Share holding
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%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

	As At March 31, 2017		As At March 31, 2016	
	(₹)		(₹)	
<b>NOTE NO - 3 : - Reserves and Surplus</b>				
(a) <b>Capital Redemption Reserve</b>		2,643,500		2,643,500
(b) <b>Revaluation Reserve</b>	3,013,159		3,014,882	
Less:- Transferred to General Reserve	2,254		1,723	
	<u>3,010,905</u>	3,010,905	<u>3,013,159</u>	3,013,159
(c) <b>General Reserve</b>	2,582,501,723		2,582,500,000	
Add/(Less):- Transferred to surplus / (deficit)	(25,000,000)		-	
Transferred from Revaluation Reserve	2,254		1,723	
	<u>2,557,503,977</u>	2,557,503,977	<u>2,582,501,723</u>	2,582,501,723
(d) <b>Capital Reserve</b>		104,864,850		104,864,850
(e) <b>Surplus / (Deficit)</b>	16,113,078		1,923,622	
Add:- Profit / (Loss) after tax transferred from the statement of Profit & Loss	(15,545,944)		15,926,078	
Transfer from General Reserve	25,000,000		-	
Less:- Appropriations				
Proposed Dividend on Equity Shares	1,442,885		1,442,885	
Distribution Tax on Proposed equity dividend	293,737	23,830,512	293,737	16,113,078
	<u>2,691,853,744</u>		<u>2,709,136,310</u>	

	As At March 31, 2017		As At March 31, 2016	
	(₹)		(₹)	
<b>NOTE NO - 4 : - Long Term Borrowings</b>				
<b>Secured Loans from Banks:</b>				
Term Loan (Rupee Loan) *	441,154,894		447,094,402	
Less:- Current Maturities	90,336,000	350,818,894	90,535,362	356,559,040
Foreign Currency Term Loan **	93,128,000			
Less:- Current Maturities	20,789,000	72,339,000		-
Term Loan (Rupee Loan)**	3,583,000		115,000,000	
Less:- Current Maturities	3,583,000	-	18,279,000	96,721,000
Vehicle Loan (Rupee Loan) #	9,826,421		13,911,059	
Less:- Current Maturities	4,518,915	5,307,506	4,084,638	9,826,421
	<u>428,465,400</u>		<u>463,106,461</u>	

\*a) Type of Loan : 11.20% p.a. Term Loans from Canara Bank, New Delhi of ₹ 12,39,00,000/- & ₹ 11,95,92,500/-  
Nature of Security: Secured by first charge on Assets created out of 4 nos. of Wind Turbine Generator (WTGs) at Akel site, Distt. Jaisalmer (Rajasthan) & Ratan Ka Bas, Distt. Jodhpur (Rajasthan) and land at WTG site.  
Terms of Repayment : The loan is repayable in 108 & 96 monthly installments starting from 01.08.2010 and 01.02.2011 respectively.

b) Type of Loan : 11.20% p.a. Term Loan Canara bank, New Delhi of ₹ 12,95,00,000/- taken for Guwahati project at Plot No 1C, Industrial park, Sila Mouza, Kamrup, Guwahati, Assam.  
Nature of Security: Secured by first charge on Land, Building and Plant & machine created out of the loan.  
Terms of Repayment : The loan is repayable in 16 half yearly installments starting from 01.08.2012.

c) Type of Loan : 11.20% p.a. Term loan Canara bank, New Delhi of ₹ 45,00,00,000/- is sanctioned on 14.08.2015 by Canara bank, New Delhi for our Khurda Projects at 11.20% p.a. against which ₹ 40,64,34,112/- availed.  
Nature of Security: The loan is secured by exclusive charge on land & building and other fixed/movable/immovable assets situated at Village-chmpajhara, Distt- Khurda, Bhubaneswer.  
Terms of Repayment : The said loan is repayable in 32 quarterly structured installments starting from quarter ending December' 2015 and ending on quarter ending September'2023.

\*\* Type of Loan: 16.20% p.a. Indian rupee term loan from State Bank of India. During the year, the company has converted Indian rupee term loan of Rs 9,31,28,000 (USD 14,00,000/-) in to foreign currency term loan for one year with interest rate 5.758% p.a.  
Nature of Security : Secured by 1st Charge over fixed assets situated at plot no 1-8, New Industrial area Mandideep, Tehsil-Goharganj, Distt-Raisen, M.P.  
Terms of Repayment: The loan is repayable in 18 quarterly installment of Rs 60.93 Lakhs starting from Sep'2016.

# Type of Loan : 10.14% p.a. Vehicle loan from ICICI Bank of ₹ 2,09,30,000/- .  
Terms of Repayment: The said loan is repayable in 59 equal monthly installments starting from 10.06.2014.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

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		As At March 31, 2017 ( ₹ )	As At March 31, 2016 ( ₹ )
<b>NOTE NO - 5: - Deferred Tax Liabilities (Net)</b>	<b>Refer Note No. 32 (B)</b>		
Deferred Tax Liabilities		308,825,589	248,864,000
Less:- Deferred Tax Assets		118,598,668	26,695,000
		<b>190,226,921</b>	<b>222,169,000</b>
<hr/>			
<b>NOTE NO - 6: - Long Term Provisions</b>			
Employee Benefits		51,766,275	48,178,082
		<b>51,766,275</b>	<b>48,178,082</b>
<hr/>			
<b>NOTE NO - 7: - Short-Term Borrowings</b>			
<b>(I) Working Capital Facilities from Banks- Secured* (Repayable on Demand)</b>			
Foreign Currency loan #			
PCFC Loan		-	20,399,961
Buyer's Credit Loan		195,727,926	177,615,964
Rupee loan #			
Export Packing Credit		-	31,241,801
Cash Credit		522,646,252	773,925,898
Working Capital Demand Loan		75,000,000	-
<b>(II) Loan &amp; Advances - From Related Parties -Unsecured (Repayable on demand)</b>			
- 7% Loan from Hindusthan Engineering & Industries Ltd.		710,537,164	635,787,164
		<b>1,503,911,342</b>	<b>1,638,970,788</b>

\* Type of Loan: Working Capital Facilities from Canara Bank for the Conductor Division against which drawing is ₹ 36,99,76,116/- (previous year ₹ 54,41,43,498/-).

Nature of Security : Secured against hypothecation of stocks, book debts and plant & machinery both present & future at Village-chmpajhara, Distt- Khurda, Bhubaneswer & 12/1,Milestone, Delhi Mathura Road, Faridabad & Industrial Area, Birla Nagar, Gwalior & Plot No 1C, Industrial park, Sila Mouza, Kamrup, Guwahati, Assam and equitable mortgage of land and building at 12/1,Milestone, Delhi Mathura Road, Faridabad and Industrial Area, Birla Nagar, Gwalior.

Type of Loan: Working capital facilities from State Bank of India, Bhopal Branch for the Insulator division against which drawing is ₹ 42,33,98,062/- (previous year ₹ 45,90,40,126/-)

Nature of Security: Secured against hypothecation of all types of stocks and book debts and other receivable situated at plot no 1-8, New Industrial area Mandideep, Tehsil-Goharganj, Distt-Raisen, M.P. or such other place as approved by bank and secured collaterally by way of second charge on fixed assets of insulators division situated at plot no 1-8, New Industrial area Mandideep, Tehsil-Goharganj, Distt-Raisen, M.P.

# Interest rate varies from 1% p.a. to 6% p.a. on foreign currency denominated working capital facilities and it varies from 8% p.a. to 13% p.a. on rupee denominated working capital facilities.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017**

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	As At March 31, 2017	As At March 31, 2016
	( ₹ )	( ₹ )
<b>NOTE NO - 8: - Other Current Liabilities</b>		
(I) Current Maturities of Long term Debt		
11.20% p.a. Term Loan from a Bank (Rupee Loan)	90,336,000	90,535,362
5.758 % p.a. Term Loan -(Foreign Currency Loan)	20,789,000	18,279,000
16.20% p.a. Term Loan from a Bank (Rupee Loan)	3,583,000	-
10.14% p.a. ICICI Bank Term Loan - Car Loan	4,518,915	4,084,638
(II) Interest accrued but not due on borrowings	8,682,853	12,130,018
(III) Interest Payable to related party	187,542,793	145,104,135
(IV) Interest accrued & due on borrowings	7,743,608	-
(V) Unclaimed dividend	506,505	515,139
(VI) Other Payables		
(a) Creditors For Capital Goods	831,868	23,118,189
(b) Advance From Customers	38,804,931	21,203,716
(c) Others	19,966,101	19,966,101
(d) Statutory Dues		
Income Tax (TDS)	10,060,015	11,755,144
Excise Duty	51,576,471	41,094,810
Sales Tax	5,642,650	11,366,960
Others	30,027,081	4,173,643
(VII) Other Deposits		
Other Deposit - Trade/Service Deposits	14,870,084	100,614
Amount payable against outstanding forward contract	8,083,720	-
	<b>503,565,595</b>	<b>403,427,469</b>

**NOTE NO - 9: - Short Term Provisions**

(I) Employee Benefits	53,053,165	43,819,699
(II) Others		
Liquidated Damages	-	259,195
Proposed Dividend	1,442,885	1,442,885
Tax on Dividend	293,737	293,737
Excise duty on closing stock	12,776,254	27,555,286
	<b>67,566,041</b>	<b>73,370,802</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

		As At March 31, 2017 (₹)	As At March 31, 2016 (₹)
<b>Note No - 11: - Non-Current Investment</b>			
<b>Non- Trade Investment</b>			
Investment in Property			
- Land at Banera		90,800	90,800
- Land at Bangalore (including Site development)		114,420,670	112,627,737
<b>UNQUOTED#</b>			
Investment in Equity-Subsidiary Company		590,831,512	551,817,512
- Hindusthan Speciality Chemicals Ltd.	587,537,512		550,817,512
- Hindusthan Vidyut Products Ltd.	2,794,000		500,000
- Hindusthan Projects Ltd.	500,000		500,000
<b>QUOTED##</b>			
Investment in Equity		195,328,950	244,165,835
- Reliance Industries Ltd.	189,997,849		238,834,734
- Ballarpur Industries Ltd.	5,331,101		5,331,101
		<b>900,671,932</b>	<b>908,701,884</b>
	Face value per Unit	As At March 31, 2017 No. of Units    Amount (₹)	As At March 31, 2016 No. of Units    Amount (₹)
<b># UNQUOTED</b>			
<b># Investments in Equity Instruments</b>			
Hindusthan Speciality Chemicals Ltd. Subsidiary Company	10	55,080,000    550,800,000	55,080,000    550,800,000
Hindusthan Speciality Chemicals Ltd. (Rs 4 paid up) Subsidiary Company	10	9,180,000    36,720,000	-    -
Hindusthan Vidyut Products Ltd. Subsidiary Company	10	275,000    2,750,000	50,000    500,000
Hindusthan Vidyut Products Ltd. (Rs 1 paid up) Subsidiary Company	10	44,000    44,000	-    -
Hindusthan Projects Ltd. Subsidiary Company	10	50,000    500,000	50,000    500,000
<b>## QUOTED</b>			
Investments in Equity Instruments			
- Reliance Industries Ltd. Others	10	175,157    189,997,849	225,157    238,834,734
- Ballarpur Industries Ltd. Others	2	159,615    5,331,101	159,615    5,331,101
<b>(Market Value of Quoted Investments is ₹ 234,187,588/-)</b>		<b>(Previous Year ₹ 237,532,080/-)</b>	
<b>Note No - 12: - Long Term Loans And Advances</b>			
		As At March 31, 2017 (₹)	As At March 31, 2016 (₹)
(I) Capital Advances (Unsecured, Considered Good)		9,165,416	17,130,392
(II) Security Deposits Unsecured, Considered Good			
(A) (i) Sales Tax (Under Litigation)		3,578,480	1,687,202
(ii) Municipal Corporation (Under Litigation)		515,450	514,250
(iii) Central Excise & Custom (Under Litigation)		3,966,355	3,500,000
(B) Others -			
(i) Tender		16,263,424	19,220,024
(ii) Electricity		30,824,248	27,098,316
(iii) Others		11,639,599	12,715,108
(III) Income Tax		99,694,431	97,834,002
(IV) Loans & Advances To Employees		295,300	311,000
(V) Others		1,488,044	31,000
		<b>177,430,747</b>	<b>180,041,294</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

	As At March 31, 2017 (₹)	As At March 31, 2016 (₹)
<b>Note No - 13: - Inventories</b>		
(I) Raw Materials - In Hand	134,337,086	106,471,480
- In Transit	24,303,172	8,266,062
(II) Work-In-Progress	389,968,668	276,056,839
(III) Finished Goods	114,986,297	250,687,872
(IV) Stores & Spares And Packing	104,165,535	82,738,028
(V) Loose Tools	2,496,748	2,633,704
(VI) Scrap	6,850,373	4,607,711
(For The Purpose Of Valuation Refer Note No 1.N)	<u>777,107,879</u>	<u>731,461,696</u>
<b>Note No - 14: - Trade Receivables</b>		
(I) Outstanding for a period exceeding six months from the date they were due for payment.		
(i) Unsecured, Considered Good	413,344,501	247,556,871
(II) Other Receivable		
(i) Secured, Considered Good	403,515,483	775,519,819
(ii) Unsecured, Considered Good	1,485,405,001	1,521,883,101
	<u>2,302,264,985</u>	<u>2,544,959,791</u>
<b>NOTE NO - 15: - Cash and Bank Balances</b>		
<b>(I) Cash and Cash equivalents</b>		
(i) Cash on Hand	1,959,074	2,369,062
(ii) Balance with Banks		
Current Accounts	3,564,682	7,411,193
	<u>5,523,756</u>	<u>9,780,255</u>
<b>(II) Other Bank Balances</b>		
Earmarked Balances with Banks - Unclaimed Dividend	506,505	515,139
Deposits with Banks held as Margin money/ Security #	59,504,480	37,380,048
	<u>65,534,741</u>	<u>47,675,442</u>
# Includes deposit more than 12 months ₹ 2,000,000/- (Previous year ₹ 23,672,537/-)		
<b>NOTE NO - 16 : - Short- Term Loans and Advances</b>		
(I) Loans & Advances to Subsidiary (Unsecured) - to wholly owned subsidiary	22,000,000	2,200,000
(II) Earnest Money Deposit - (Unsecured considered good)	8,521,742	3,329,742
(III) Deposit/ Credit with Government Authorities		
Custom, Excise & Service Tax	115,700,521	82,996,828
Sales tax	23,170,300	545,373
(IV) Loans & advances to Employees	1,264,995	1,875,829
(V) Advances to Suppliers	43,612,258	169,632,173
(VI) Others	21,635,207	13,962,870
	<u>235,905,023</u>	<u>274,542,815</u>
<b>NOTE NO - 17: - Other Current Assets</b>		
Interest accrued but not Due - Unsecured	5,623,948	2,382,439
Unamortized premium on forward contract	2,044,122	-
Insurance Claim Receivable	4,779,105	-
	<u>12,447,175</u>	<u>2,382,439</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

### NOTES - PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	2016-17 (₹)	2015-16 (₹)
<b>NOTE NO - 18: - Revenue from operations</b>		
(A) SALE OF PRODUCTS		
(I) Conductors	4,925,518,592	5,494,400,757
(II) Insulators	2,205,709,781	1,901,009,158
(III) Power Generation Sales	35,708,795	30,104,971
<b>TOTAL A</b>	<b>7,166,937,168</b>	<b>7,425,514,886</b>
(B) OTHER OPERATING REVENUE		
(I) Scrap	27,031,306	19,189,039
(II) Export Incentive	8,502,867	8,013,569
(III) Subsidy from Government	55,652,913	60,616,243
(IV) Installation Charges	1,395,000	-
(V) Foreign Exchange Gain on Borrowing Cost	6,831,836	-
<b>TOTAL B</b>	<b>99,413,922</b>	<b>87,818,851</b>
	<b>TOTAL (A+B)</b>	<b>7,266,351,090</b>
(C) EXCISE DUTY ON SALES	TOTAL C	706,832,512
	<b>TOTAL I (A + B -C)</b>	<b>6,559,518,578</b>

### Note No - 19: - Other Income

(A) INTEREST INCOME		
From FDR's	4,553,789	4,723,525
From Customers	10,330,159	3,945,798
From Related Parties	936,788	220,000
From Others	2,019,560	8,234,217
(B) DIVIDEND INCOME	-	4,696,072
(C) NET GAIN ON SALE OF INVESTMENT	9,904,922	363,394
(D) OTHER NON- OPERATING INCOME		
Foreign Exchange Fluctuation Gain (Net)	5,363,260	7,722,337
Claims Received (Net)	197,408	-
Compensation Received	-	9,117,126
Profit on Sale of Fixed Assets	3,665,541	3,207,365
Liabilities No Longer Required & Sundry Credit Balance Written Back	11,955,697	2,887,744
<b>TOTAL II</b>	<b>48,927,124</b>	<b>45,117,578</b>
<b>III. Total Revenue (I +II)</b>	<b>6,608,445,702</b>	<b>6,847,498,664</b>

### IV. EXPENSES

#### Note No - 20: - Cost of Materials Consumed

RAW MATERIAL CONSUMED	4,348,351,059	4,886,942,796
	<b>4,348,351,059</b>	<b>4,886,942,796</b>
<b>Breakup of Raw Material Consumption</b>		
Aluminium	3,072,964,948	3,713,798,406
Steel	612,027,725	585,898,113
Zinc	42,544,864	28,799,944
Clay/Powder	302,723,490	239,821,924
Metal Parts	300,960,213	258,631,016
Others	17,129,819	59,993,393
<b>TOTAL</b>	<b>4,348,351,059</b>	<b>4,886,942,796</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017**

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	2016-17 (₹)	2015-16 (₹)
<b>Note No - 21: - Change in Inventories of Finished Goods, Work-in-Progress and Scrap</b>		
<b>Inventories at the beginning of the year</b>		
Finished Goods	250,687,872	80,193,559
Work-In-Progress	276,056,840	206,183,851
Scrap	4,607,711	1,795,640
	<u>531,352,423</u>	<u>288,173,050</u>
<b>Inventories at the end of the year</b>		
Finished Goods	114,986,297	250,687,872
Work-In-Progress	389,968,668	276,056,839
Scrap	6,850,373	4,607,711
	<u>511,805,339</u>	<u>531,352,422</u>
<b>Net (increase) / decrease</b>	<u>19,547,085</u>	<u>(243,179,372)</u>

**Breakup of Inventory**

<b>Finished Goods:</b>		
Conductors	27,287,724	194,611,825
High Tension Insulators	87,698,573	56,076,047
	<u>114,986,297</u>	<u>250,687,872</u>
<b>Work-In-Progress:</b>		
Conductors	69,088,093	14,240,082
High Tension Insulators	320,880,576	261,816,758
	<u>389,968,668</u>	<u>276,056,840</u>

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**Note No - 22: - Employee Benefit Expenses**

(I) Salaries, Wages and Bonus etc.	281,604,325	286,861,898
(II) Contribution to Provident & Other Funds	14,977,328	16,071,696
(III) Staff & Workmen Welfare	4,988,103	6,201,015
	<u>301,569,756</u>	<u>309,134,609</u>

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**Note No - 23: - Finance Costs**

<b>(I) INTEREST</b>		
On Term Loan	71,243,634	51,112,411
On Working Capital Borrowings	204,028,651	180,993,769
On Loan from - Related Party	47,154,064	57,026,527
On Exchange difference to the extent considered as an adjustment to borrowing cost	-	2,687,967
On Others	410,787	1,427,705
	<u>322,837,136</u>	<u>293,248,379</u>
<b>(II) OTHER BORROWING COST</b>		
Bank Charges	45,375,888	46,536,601
	<u>368,213,024</u>	<u>339,784,980</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017**

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	<b>2016-17</b>	<b>2015-16</b>
	( ₹ )	( ₹ )
<b>Note No - 24: - Other Expenses</b>		
<b>MANUFACTURING EXPENSES</b>		
(i) Stores & Spares	188,872,220	158,034,954
(ii) Packing & Forwarding Expenses (Net)	295,816,629	309,491,474
(iii) Power & Fuel	520,392,210	446,939,607
(iv) Repairs to Building	16,943,414	13,170,715
(v) Repairs to Machinery	33,975,407	24,050,043
(vi) Jobs on Contract	303,095,411	259,413,445
(vii) Increase/(Decrease) in Excise Duty & Cess on Inventories	(14,779,031)	32,559,317
<b>SELLING AND ADMINISTRATION</b>		
(i) Rent	6,161,848	8,212,353
(ii) Insurance	6,334,449	8,005,505
(iii) Rates & Taxes	2,319,583	2,879,801
(iv) Repairs - Others	7,816,863	6,091,372
(v) Directors Meeting Fees	642,850	763,840
(vi) Payment to Auditors (Refer note 37(2) )	474,220	343,958
(vii) Charity & Donation	39,200	2,035,039
(viii) Brokerage & Commission	6,537,986	17,932,675
(ix) Bad Debts Written off	5,558,666	3,773,197
(x) Loss on Sale of Fixed Assets	-	1,718,116
(xi) Claims Paid (Net)	-	233,968
(xii) Provision for Liquidated Damages	97,038	(802)
(xiii) Miscellaneous Expenses	80,527,428	82,753,084
	<b>1,460,826,391</b>	<b>1,378,401,661</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>NOTE 25: - Contingent liabilities</b>		
<b>(1) Contingent liabilities (to the extent not provided for)</b>		
A) Guarantee		
(a) The Company has given following corporate guarantee on behalf of its subsidiaries or group companies to secure financial facilities :		
- Hindusthan Speciality Chemicals Ltd (100 % Subsidiary), for secure financial facilities	1,728,000,000	1,728,000,000
- Hindusthan Engineering Industries Ltd (group company), under sales tax, excise, custom etc	60,723,570	60,723,570
Total effective guarantee as on 31st March 2017 is Rs 170,405,391/- (Previous year - Rs 60,723,570 /-)		
(b) Outstanding guarantees furnished by banks on behalf of the company	1,883,174,812	1,673,849,433
(c) Outstanding letters of credit furnished by banks on behalf of the company	904,385,040	1,701,052,641
B) Claims against Company, disputed by the Company, not acknowledged as debt:		
(a) Income Tax demand under appeal *	6,036,025	5,548,639
(b) Excise Duty show cause notices/demands under appeal	59,300,784	44,012,304
(c) Claims against the Company for Sales/Purchase Tax/VAT	38,932,647	24,368,968
(d) Claims against the Company for Labour Cases/MCF & Other under litigation	24,162,183	16,996,000
* Apart from these liabilities, the company has received demand of Rs. 66,927,117/- from Income Tax department related to assessment year 13-14 & 14-15, however the credit of advance Income tax of Rs. 46,600,000/- has not been adjusted against liability at the time of assessment but the same is reflecting in records of Income tax department (As per statement of 26AS). Balance demand is due to interest charged on the above. The company has filed rectification application for the said demand.		
<b>(2) Commitments as at year end: (to the extent not provided for)</b>		
A) Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account (Net of advances)	11,647,928	9,189,252
B) Other Commitments:		
(i) Surety Bond given to Custom & Excise/JDFT	68,093,250	247,578,450
(ii) Sales order to be executed against Government and Private Contracts	4,208,790,000	4,022,300,480
(iii) Liability in respect of sales bills discounted with banks/NBFC's	175,784,639	22,412,908

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

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	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>NOTE 26: - Disclosure requirement under MSMED Act, 2006</b>		
The Company has certain dues to suppliers (trade and capital) registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act').		
There are no micro and small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2017 and 31st March, 2016. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures pursuant to the said MSMED Act are as follows:		
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	8,800,075	14,715,180
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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### NOTE 27: - Derivative Instrument and unhedged Foreign Currency Exposure

	As at March 31, 2017		As at March 31, 2016	
	Foreign Currency	INR Value	Foreign Currency	INR Value
<b>a) Derivatives outstanding as at the Balance Sheet date:</b>				
<b>Nature of Instrument:</b>				
<b>Forward Contract to buy</b>				
USD				
-For Foreign Currency Loan (No of Contracts-CY-5, PY-1)	2,728,440	184,660,144	475,000	32,903,250
<b>Forward Contract to sell</b>				
EURO				
-Export Receivables (No of Contracts-CY-0, PY-2)	-	-	1,951,000	152,333,585
<b>b) Particulars of unhedged foreign currency exposure as at the reporting date</b>				
<b>Foreign Currency Payable (including buyers credit)</b>				
USD	1,692,010	109,828,567	2,640,891	175,912,976
EURO	21,000	1,483,125	-	-
GBP	130,625	10,775,227	153,958	15,093,473
<b>Foreign Currency Receivable</b>				
USD	1,485,716	96,267,317	1,811,982	119,282,924
EURO	1,423,326	98,311,367	1,402,544	97,615,797

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE 28: - Employee Benefits

As per Accounting Standard 15 (Revised) on "Employee Benefits" (AS-15), the disclosures of Employee Benefits as defined in the Accounting Standard are given below:

#### a) Defined Contribution Scheme

	2016-17 (₹)	2015-16 (₹)
Contribution to Defined Contribution Plan, recognized for the year are as under:		
Employer's Contribution to Provident Fund	6,672,470	7,115,570
Employer's Contribution to Pension Fund	5,212,593	5,597,520
Employer's-ESI Contribution	3,092,265	3,334,006
Labour Welafer Fund	-	24,600
<b>Total</b>	<b>14,977,328</b>	<b>16,071,696</b>

The guidance on implementing Accounting Standard-15 (Revised 2005) on Employee Benefits issued by Accounting Standard Board (ASB) states that benefits involving employer's established provident funds, which require the interest shortfall to be recompensated are to be considered as "Defined Benefit Plans". The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended December,2011. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at March 31,2017.

#### b) Defined Benefit Scheme

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 2016-17

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2016-17	2015-16	2016-17	2015-16
Current Service Cost	1,517,318	1,349,038	2,915,236	2,830,292
Interest Cost	646,410	824,208	4,211,514	5,415,248
Expected return on plan assets	-	-	-	-
Actuarial Losses / (Gains)	(751,084)	(1,054,517)	3,569,706	761,832
Past Service Cost	-	-	-	-
Net benefit expenses	1,412,644	1,118,729	10,696,456	9,007,372

#### Net assets/(Liability) recognized in Balance Sheet as at 31st March, 2017

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2016-17	2015-16	2016-17	2015-16
Present Value of Defined Benefit Obligation as on 31.3.2017	8,492,940	8,432,189	58,637,365	54,294,137
Fair Value of plan assets	-	-	-	-
Funded status - Deficit	(8,492,940)	(8,432,189)	(58,637,365)	(54,294,137)
Unrecognised Past Service Costs	-	-	-	-
Net liabilities recognized in Balance Sheet	(8,492,940)	(8,432,189)	(58,637,365)	(54,294,137)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### Change in the obligation over the year ended 31st March, 2017

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2016-17	2015-16	2016-17	2015-16
Present Value of Defined Benefit				
Obligation as on 1st April, 2016	8,432,199	10,690,403	54,294,137	69,628,044
Interest Cost	646,410	824,198	4,211,514	5,415,248
Past Service Cost	-	-	-	-
Current Service Cost	1,517,318	1,349,038	2,915,236	2,830,292
Benefits Paid	(1,351,903)	(3,376,933)	(6,353,228)	(24,341,279)
Actuarial (Gain) / loss on obligation	(751,084)	(1,054,517)	3,569,706	761,832
Present Value of Defined Benefit				
Obligation as on 31st March, 2017	8,492,940	8,432,189	58,637,365	54,294,137

### Change in fair value of Plan Assets

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
	2016-17	2015-16	2016-17	2015-16
Fair Value of plan assets as on 01.04.2016				
Actual return on plan assets	-	-	-	-
Contribution	-	-	-	-
Benefits paid	-	-	-	-
Fair Value of plan assets as on 31.03.2017	-	-	-	-

### Major actuarial assumption

Particulars		Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)	
		2016-17	2015-16	2016-17	2015-16
Discount Rate (based on the market yields available on Government bonds at the accounting date with term that matches that of the liabilities)	Conductor	7.50%	7.75 %	7.50%	7.75 %
	Insulators	7.10%	8.00%	7.10%	8.00%
Salary increase (Taking into account inflation, seniority, promotion and other relevant factors)	Conductor	3.00 %	3.00 %	3.00 %	3.00 %
	Insulators	5.00%	5.00%	5.00%	5.00%
Expected rate of return on assets		-	-	-	-

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

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**NOTE 29: - Related party disclosures, as required by AS-18 “Related Party Disclosures” are given below**

**List of related parties**

**Enterprise which have significant influence over the company:**

Hindusthan Consultancy & Services Ltd.

**Enterprises over which Company/ key managerial personnel of company having significant influence:**

Carbo Industrial Holdings Ltd.

Hindusthan Business Corporation Ltd.

Pradyumna Steels Ltd.

Promain Ltd.

Hindusthan Engineering & Industries Ltd.

Jai Commercial Company Ltd.

Mody Investment & Mfg. Co. Pvt. Ltd.

Adarsh Commercial Co.Ltd.

Mody Education Foundation

**Wholly Owned Subsidiary Company:**

Hindusthan Speciality Chemicals Ltd.

Hindusthan Vidyut Products Ltd.

Hindusthan Projects Ltd.

**Key Managerial Personnel/Relatives of Key Managerial Personnel :**

Rajendra Prasad Mody, Chairman

Vikram Aditya Mody, Promotor Director

Shyam Sunder Bhuwania, Vice Chairman & Managing Director

Vivek Dayaram Kohli, Whole time Director (w.e.f. 01.04.2016)

Anil Kumar Chandani, Chief Financial Officer (w.e.f. 01.04.2016)

Deepak Kejriwal, (Chief Financial Officer up to 31.03.2016)

Murari Lal Birmiwala , Senior Vice President Finance & Company Secretary

Raghavendra Anant Mody, (Son of Promoter Director)

Sanchita Mody, (Wife of Promoter Director)

Nirmala Bhuwania (Wife of Vice Chairman & Managing Director)

Krishan Kumar Birmiwala (Son of Senior Vice President Finance & Company Secretary)

Shilpi Birmiwala (Daughter in law of Senior Vice President Finance & Company Secretary)

Madhu Garg (Daughter of Senior Vice President Finance & Company Secretary)

Sumita Kejriwal (Wife of Chief Financial Officer designated up to 31.03.2016)

Behari Lal Kejriwal (Father of Chief Financial Officer designated up to 31.03.2016)

**Others:**

Hindusthan Vidyut Products Ltd EPF Trust

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

	2016-17 ( ₹ )	2015-16 ( ₹ )
<b>Sale of Scrap:</b>		
Hindusthan Speciality Chemicals Ltd	153,000	-
<b>Sale of Capital Goods:</b>		
Hindusthan Speciality Chemicals Ltd	51,000	1,079,607
Mody Education Foundation	20,000	50,000
<b>Rent Paid/Payable:</b>		
Promain Limited	2,245,074	3,362,533
Nirmala Bhuwania	1,080,000	1,080,000
Krishan Kumar Birmiwala	237,600	237,600
Shilpi Birmiwala	179,280	179,280
Madhu Garg	126,000	126,000
Sumita Kejriwal	584,400	584,400
Behari Lal Kejriwal	180,000	180,000
Hindusthan Engineering & Industries Ltd	12,000	-
<b>Professional Fee Paid/Payable:</b>		
Raghavendra Anant Mody (From 01.04.2016 to 31.08.2016)	400,000	-
<b>Reimbursement of Expenses Received /Receivable:</b>		
Hindusthan Speciality Chemicals Ltd	367,277	-
Hindusthan Engineering & Industries Ltd.	871,742	-
<b>Reimbursement of Expenses Paid /Payable:</b>		
Hindusthan Engineering & Industries Ltd.	11,288	-
<b>Provident Fund Deposit (Paid/Payable):</b>		
Hindusthan Vidyut Products Ltd EPF Trust	10,066,364	14,429,995
<b>Interest Received/Receivable:</b>		
Hindusthan Vidyut Products Ltd	36,164	220,000
Hindusthan Speciality Chemicals Ltd	900,624	-
<b>Interest Paid / Payable:</b>		
Hindusthan Engineering Industries Ltd	47,154,064	57,026,527
Hindusthan Speciality Chemicals Ltd	96,411	-
<b>Loan - Received:</b>		
Hindusthan Engineering Industries Ltd	74,750,000	105,218,000
Hindusthan Speciality Chemicals Ltd	32,800,000	-
<b>Loan - Repaid:</b>		
Hindusthan Speciality Chemicals Ltd	32,800,000	-
<b>Loan - Given:</b>		
Hindusthan Speciality Chemicals Ltd	49,000,000	-
<b>Loan - Received Back:</b>		
Hindusthan Speciality Chemicals Ltd	27,000,000	-
Hindusthan Vidyut Products Ltd	2,200,000	-

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017**

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	<b>2016-17</b>	<b>2015-16</b>
	( ₹ )	( ₹ )
<b>Investment made during the year in Equity Shares of Subsidiary Company:</b>		
Hindusthan Speciality Chemicals Ltd.	36,720,000	168,300,000
Hindusthan Vidyut Product Ltd.	2,294,000	-
Hindusthan Project Ltd.	-	500,000
<b>CSR Contribution:</b>		
Mody Education Foundation	300,000	1,500,000
<b>Remuneration to Key Managerial Personnel:</b>		
Shyam Sunder Bhuwania	12,000,000	11,988,000
Vivek Dayaram Kohli (w.e.f. 01.04.2016)	10,628,281	-
Anil Kumar Chandani (w.e.f. 01.04.2016)	11,500,000	-
Deepak Kejriwal (up to 31.03.2016)	-	4,031,892
Murari Lal Birmiwala	3,607,155	3,249,684
<b>Sitting Fee: *</b>		
Rajendra Prasad Mody	77,600	60,000
Vikram Aditya Mody	11,450	10,000
* Sitting fee is inclusive of service tax		
<b>Salary paid to relative of Key Managerial Personnel:</b>		
Raghavendra Anant Mody (From 01.09.2016 to 31.03.2017)	1,749,979	-
Sanchita Mody	4,996,240	4,338,017
<b>Outstanding - Receivable:</b>		
Mody Education Foundation	20,000	50,000
Hindusthan Engineering & Industries Ltd	871,742	-
<b>Outstanding - Loan Given:</b>		
Hindusthan Speciality Chemicals Ltd (Loan Given)	22,000,000	-
Hindusthan Vidyut Product Ltd	-	2,200,000
<b>Outstanding - Other Payable:</b>		
Hindusthan Engineering & Industries Ltd	928,960	-
<b>Outstanding - Loan taken (including interest):</b>		
Hindusthan Engineering Industries Ltd	898,079,957	781,820,259
<b>Outstanding Investment in Equity Share Capital:</b>		
Hindusthan Speciality Chemicals Ltd.	587,537,512	550,817,512
Hindusthan Vidyut Products Ltd.	2,794,000	500,000
Hindusthan Projects Ltd.	500,000	500,000
<b>Guarantees and collaterals by the Company:</b>		
Hindusthan Engineering Industries Ltd	60,723,570	60,723,570
Hindusthan Speciality Chemicals Ltd	1,728,000,000	1,728,000,000
(Total effective guarantee as on 31st March 2017 is Rs 170,405,391/- (Previous year - Rs 60,723,570 /-)		

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE 30: - SEGMENT REPORTING

I) Based on the guiding principles given in Accounting Standard 17 (AS 17) on "Segment Reporting", the Company's primary business segments are organized around customers on industry and products lines as under:

**a. Conductor:** Conductor includes electrical conductor and related items.

**b. Insulator:** Insulator includes electrical insulator and related items.

**c. Other:** This segment is engaged in power generation, investment activities.

II) In respect of secondary segment information, the Company has identified its geographical segments as:

a. With in India, and

b. Outside India.

Segment information for the year ending 31st March, 2017

Particulars	Conductor (₹)	Insulators (₹)	Other (₹)	Un Allocated	Total (₹)
<b>Revenue from Operations (Gross)</b>	5,003,486,089	2,227,156,206	35,708,795	-	7,266,351,090
	(5,566,922,643)	(1,916,306,123)	(30,104,971)	-	(7,513,333,737)
<b>Results</b>					
Segment result	110,184,980	166,781,589	25,918,136	-	302,884,705
	(204,627,818)	(144,456,545)	(19,640,669)	(-)	(368,725,032)
Interest Income				17,840,296	17,840,296
				(17,123,540)	(17,123,540)
Finance cost				368,213,024	368,213,024
				(339,784,980)	(339,784,980)
Profit/(Loss) before taxation and extra ordinary items					-47,488,023
					(46,063,592)
Add:- Extra ordinary Items	-	-	-	-	-
	(16,979,569)	(19,353,000)	(-)	(-)	(36,332,569)
Net Profit/ (Loss) before tax					-47,488,023
					(9,731,023)
<b>Other Information</b>					
Segment assets	3,108,716,901	2,345,877,038	1,241,507,858		6,696,101,797
	(3,522,261,494)	(2,205,124,278)	(1,238,960,585)		(6,966,346,357)
Segment liabilities	1,904,210,402	2,029,892,419	58,727,287		3,992,830,107
	(2,277,451,211)	(1,880,591,184)	(87,875,617)		(4,245,918,013)
Capital Employed	1,204,506,499	315,984,620	1,182,780,571		2,703,271,690
	(1,244,810,283)	(324,533,094)	(1,151,084,968)		(2,720,428,344)
Capital expenditure	65,449,220	41,873,064	-		107,322,284
	(7,335,518)	(80,257,603)	(-)		(87,593,121)
Depreciation	81,859,370	59,698,299	10,681,735		152,239,404
	(67,701,910)	(51,668,966)	(10,979,523)		(130,350,399)

Figures in brackets represents previous year.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

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Secondary segments (geographical segments):	2016-17	2015-16
	(₹)	(₹)
<b>For the year ended/As at March 31, 2017</b>		
<b>a) Revenue from operations by geographical location of customers (Gross)</b>		
Within India	6,704,468,904	6,996,756,163
Outside India	561,882,186	516,577,574
<b>Total</b>	<b>7,266,351,090</b>	<b>7,513,333,737</b>
<b>b) Carrying amount of segment assets</b>		
Within India	6,609,806,248	6,790,872,339
Outside India	86,295,549	175,474,018
<b>Total</b>	<b>6,696,101,797</b>	<b>6,966,346,357</b>
<b>c) Capital expenditure</b>		
Within India	107,322,284	87,593,121
Outside India	-	-
<b>Total</b>	<b>107,322,284</b>	<b>87,593,121</b>

1) The Company has disclosed business segments as the primary segments.

2) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, the organization structure and the internal financial reporting systems.

3) The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

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### NOTE 31: - Pre-operative expenditure which has been capitalised and that carried forward under capital work in progress is as under

	2016-17	2015-16
	(₹)	(₹)
Finance costs	-	9,822,570
Other Expenses	1,792,933	82,539,965
	<u>1,792,933</u>	<u>92,362,535</u>
Add : Brought forward from Previous year	5,554,657	228,245,095
	<u>7,347,590</u>	<u>320,607,630</u>
Less : Capitalised as part of		
Plant & Machinery	5,382,045	156,392,419
Buildings	-	93,689,090
Others	172,612	244,815
Trf to Investment (Site development-Bangalore)	1,792,933	64,726,649
Carried forward under Capital work in progress	<u>-</u>	<u>5,554,657</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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	2016-17 (₹)	2015-16 (₹)
<b>NOTE 32: - Tax Expenses</b>		
<b>(A) CURRENT TAX</b>		
Current tax for the Year	-	1,027,000
Add:- For earlier years Short/ (Excess) Provision	-	(6,195,055)
LESS:- MAT Credit entitlement	-	1,027,000
<b>NET CURRENT TAX</b>	-	<b>(6,195,055)</b>

	Opening As At 01.04.2016	Charge/ (Credit) During the Year	Closing As At 31.03.2017
<b>(B) DEFERRED TAX LIABILITY/(ASSETS)</b>			
Depreciation	248,864,000	59,961,589	308,825,589
Provision for Gratuity / Leave Encashment	(26,060,000)	3,864,707	(22,195,293)
Un Absorbed Depreciation/ Brought forward Losses	-	(94,634,000)	(94,634,000)
Others	(635,000)	(1,134,375)	(1,769,375)
	<b>222,169,000</b>	<b>(31,942,079)</b>	<b>190,226,921</b>

	Specified Bank Notes (Old Bank Notes of Rs. 500/- & 1,000/-)	Other Denomination Notes	Total
<b>NOTE 33: - Details of Specified Bank Notes (SBN) and Other Denomination Notes held and transacted during the period from 09th November, 2016 to 30th December, 2016 as follows :-</b>			
Particulars			
1) Closing cash in hand as on 08.11.2016	2,537,000	571,136	3,108,136
2) (+) Permitted receipts	-	2,891,033	2,891,033
3) (-) Permitted payments	-	2,707,516	2,707,516
4) (-) Amount deposited in Banks	2,537,000	-	2,537,000
5) Closing cash in hand as on 30.12.2016 (1+2-3-4)	-	<b>754,653</b>	<b>754,653</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

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### NOTE 34: - Disclosure pursuant to section 186(4) of the Companies Act, 2013

#### In respect of unsecured loans given to subsidiary company

Particulars	Purpose/Term of Loan	As at March 31, 2017	As at March 31, 2016
<b>i) Hindusthan Speciality Chemicals Limited</b>			
Outstanding as at the beginning of year	Business Purpose	-	-
Loan given during the year	Interest rate 11.50 % p.a.	49,000,000	-
Repayment received during the year		27,000,000	-
Written-off during the year		-	-
Outstanding as at the end of year		22,000,000	-
<b>ii) Hindusthan Vidyut Poducts Ltd</b>			
Outstanding as at the beginning of year	Business Purpose	2,200,000	2,200,000
Loan given during the year	Interest rate 11.50 % p.a.	-	-
Repayment received during the year		2,200,000	-
Written-off during the year		-	-
Outstanding as at the end of year		-	2,200,000

### NOTE 35: - Componentisation of fixed assets

During the year the company has adopted componentisation of fixed assets in pursuance of and in compliance of Schedule II of Companies Act, 2013 and accordingly depreciation expenses for the current year is higher by Rs 21,06,660/-

### NOTE 36: - Earning Per Share

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

	2016-17 ( ₹ )	2015-16 ( ₹ )
Profit/ (Loss) attributable to the Equity Shareholders (₹)		
Before extraordinary items (A)	(15,545,944)	52,258,647
After extra ordinary items	(15,545,944)	15,926,078
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	(10.77)	36.22
On Profit after extra ordinary items	(10.77)	11.04

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE 37: - Other Disclosures to Profit and Loss Statement

	2016-17 (₹)	2015-16 (₹)
(1) NET GAIN/(LOSS) ON FOREIGN EXCHANGE		
SUNDRY DEBTORS		
For Export	2,808,843	17,704,289
SUNDRY CREDITORS		
For Import	2,554,417	(7,179,761)
For Foreign Currency Loan	6,831,836	(2,802,191)
For Machinery	-	-
	<u>12,195,096</u>	<u>7,722,337</u>
(2) PAYMENT TO AUDITORS (including branch auditor)		
- Audit fees	320,000	175,000
- Out of Pocket Expenses	20,220	36,745
- Tax Audit	55,000	30,000
- For Certification	79,000	102,213
	<u>474,220</u>	<u>343,958</u>
(3) AGGREGATE OF PROVISIONS, CONTINGENCIES OR COMMITMENT WRITTEN BACK AS NO LONGER REQUIRED:-		
Sundry Debtors Credit Balance Written off	9,621,145	-
Sundry Credit Balance Written off	870,888	1,761,940
Carriage Inwards/ Outward	-	501,410
Entry Tax	-	295,523
Vat	35,871	-
Stores, Spares & Packing material	113,002	-
Liquidated Damages	259,195	-
Provision for Bonus and Others etc.	1,055,597	328,871
	<u>11,955,697</u>	<u>2,887,744</u>
(4) VALUE OF IMPORTS CALCULATED ON C.I.F BASIS		
Raw Material	262,871,898	246,382,295
Components & Spare Parts	1,255,313	5,564,924
Capital Goods	-	2,981,569
(5) EXPENDITURE IN FOREIGN CURRENCY		
Interest / Bank Charges	9,447,154	16,635,434
Commission	4,521,916	10,904,684
Others	2,030,343	5,740,327
Product Development Expenses	13,009,596	-

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017**

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	<b>2016-17</b>		<b>2015-16</b>	
	(₹)		(₹)	
<b>(6) VALUE OF IMPORTED/INDIGENOUS MATERIAL CONSUMED DURING THE YEAR ALONGWITH %</b>				
<b>IMPORTED</b>				
Raw Materials	6.38%	277,213,917	5.79%	283,097,220
Stores and Spare Parts	1.35%	2,552,370	2.36%	3,734,905
<b>INDIGENOUS</b>				
Raw Materials	93.62%	4,071,137,142	94.21%	4,603,845,576
Stores and Spare Parts	98.65%	186,319,850	97.64%	154,300,049
<b>(7) EARNINGS IN FOREIGN EXCHANGE</b>				
Exports (F.O.B.)		433,784,568		498,243,782
Freight & Insurance on Export		1,963,686		1,370,831
Earning by Sale under Global Tender in India		-		391,391,612
Domestic sales in foreign currency		84,230,715		-
<b>(8) PROPOSED DIVIDEND</b>				
Proposed Dividend		1,442,885		1,442,885
Tax on Dividend		293,737		293,737
		<b>1,736,622</b>		<b>1,736,622</b>

**NOTE 38:** - Previous year figures were audited by another firm of Chartered Accountants.

**NOTE 39:** - Previous year figures re-grouped or re-arranged wherever required, to make them comparable.

As per our report of even date  
For KN Gutgutia & Co  
Chartered Accountants  
FRN: 304153E

(B R Goyal)  
Partner  
M.No.12172

Place: New Delhi  
Date: 15th May 2017

For and on behalf of the Board of directors of  
Hindusthan Urban Infrastructure Ltd

**R.P. Mody**  
(DIN No.00140503)  
Chairman

**S.S. Bhuwania**  
(DIN No.00107171)  
Vice Chairman and  
Managing Director

**Anil Kr. Chandani**  
Chief Financial Officer

**M.L. Birmiwala**  
Sr. V.P. Finance &  
Company Secretary

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## INDEPENDENT AUDITOR'S REPORT

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### TO THE MEMBERS OF HINDUSTHAN URBAN INFRASTRUCTURE LIMITED REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying Consolidated financial statements of **Hindusthan Urban Infrastructure Limited** ('the Company'), (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after 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 the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group 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 other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of these consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

#### **Auditor's Responsibility**

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, their consolidated loss and their consolidated cash flow for the year ended on that date.

#### **Other Matter**

We did not audit the financial statements of Guwahati Unit of the holding company included in the standalone financial statement, whose financial statement reflect total assets of Rs. 564,097,462/- as at 31st March, 2017 and total revenues & profit before tax of Rs. 1,460,753,897/- & Rs 132,169,607/- respectively for the financial year 2016-17 as considered in the standalone financial statement. These financial statements have been audited by the other auditor, whose report has been furnished to us by the management and our opinion on the standalone Statement, in so far as it relates to the amounts and disclosure included in respect of Guwahati Unit is based solely on the report of the other auditor.

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## INDEPENDENT AUDITOR'S REPORT (Contd.)

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We did not audit the financial statement of one wholly own subsidiary namely Hindusthan Vidyut Products Limited of the Company included in the consolidated financial statement, whose consolidated audited financial statement reflect total assets of Rs. 43,521/-as at 31st March, 2017 and total revenues & net loss of Rs.Nil & Rs 55,336/-respectively for the year ended 31st March, 2017, as considered in the consolidated financial statement. These financial statement have been audited by the other auditor, whose report has been furnished to us by the management and our opinion on financial statement, to the extent they have been derived from such audited financial statement is based on the report of such other auditor.

### Report on Other Legal and Regulatory Requirements

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 of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of accounts as required by the law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and report received from the branch auditor of Guwahati unit;
- (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 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) Rule, 2014;
- (e) On the basis of written representations received from the Directors of the Holding Company as on 31st March, 2017, and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the Directors of the Group is disqualified as on 31st March, 2017 from being appointed as Director 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 report in "Annexure A", which is based on the Auditors' Reports of the Holding Company and its subsidiary company incorporated in India.
- (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 possible impact of pending litigations on the consolidated financial position of the Group. Refer note 26 to the consolidated financial statements;
  - ii) The group did not have any foreseeable losses on long term contracts and had not derivative contracts outstanding as at 31st March, 2017;
  - iii) The Group did not have any dues requiring transfer to Investor Education and Protection Fund; and
  - iv) The Group has provided requisite disclosures in the consolidated financial statements as regards holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures, we report that the disclosure is in accordance with books of accounts maintained by the holding company and its subsidiary companies incorporated in India. (Refer note 34 to the consolidated financial statements)

**FOR K.N. GUTGUTIA & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**FRN 304153E**

**(B.R. GOYAL)**  
**PARTNER**  
**M.NO. 12172**

PLACE: NEW DELHI  
DATE: 15th MAY, 2017

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## INDEPENDENT AUDITOR'S REPORT (Contd.)

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### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTHAN URBAN INFRASTRUCTURE LIMITED

#### 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 31st March, 2017, we have audited the internal financial controls over financial reporting of **Hindusthan Urban Infrastructure Limited** ("the Holding Company") and its subsidiary company which is company 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 company 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 and its subsidiary company incorporated in India 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 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.

#### 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 to the best of our information and according to the explanations given to us, the Company and its subsidiary company 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 March 31, 2017, based on "the internal control over financial reporting criteria established by the Company and its subsidiary company incorporated in India 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.

#### Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one unit of holding company and one subsidiary company, incorporated in India, is based on the corresponding reports of the auditors of such unit/company incorporated in India.

**FOR K.N. GUTGUTIA & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**FRN 304153E**

**(B.R. GOYAL)**  
**PARTNER**  
**M.NO. 12172**

PLACE: NEW DELHI  
DATE: 15TH MAY, 2017



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	14,428,850	14,428,850
(b) Reserves and Surplus	3	2,663,889,637	2,687,688,812
<b>(2) Minority Interest</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	538,147,221	463,106,461
(b) Deferred Tax Liabilities (Net)	5	181,530,822	223,838,868
(c) Long Term Provisions	6	52,685,789	48,851,370
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	7	1,503,911,342	1,638,970,788
(b) Trade Payables			
i) Due to micro and small enterprises	27	11,017,362	14,715,180
ii) Due to others		1,260,547,872	1,383,815,037
(c) Other Current Liabilities	8	506,588,036	405,273,708
(d) Short-Term Provisions	9	68,251,039	74,445,386
<b>Total</b>		<b>6,800,997,970</b>	<b>6,955,134,460</b>
<b>II.ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		2,297,433,062	2,379,646,656
(ii) Intangible Assets		30,530,568	3,251,878
(iii) Capital Work-in-Progress		265,607,587	153,232,332
(iv) Intangible Assets under development		122,155,150	122,715,993
(b) Non-Current Investments	11	309,840,420	356,884,372
(c) Long Term Loans and Advances	12	227,905,574	196,193,144
<b>(2) Current assets</b>			
(a) Current Investments	13	-	21,500,000
(b) Inventories	14	796,790,435	768,562,640
(c) Trade Receivables	15	2,329,625,035	2,560,787,465
(d) Cash and Bank Balances	16	160,739,091	94,096,295
(e) Short-Term Loans and Advances	17	246,723,018	291,653,361
(f) Other Current Assets	18	13,648,030	6,610,324
<b>Total</b>		<b>6,800,997,970</b>	<b>6,955,134,460</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes to the Consolidated financial statements</b>	<b>2-40</b>		

The accompanying note referred to above form an integral part of the consolidated financial statements.

For and on behalf of the Board of directors of  
Hindusthan Urban Infrastructure Ltd

As per our report of even date  
For KN Gutgutia & Co  
Chartered Accountants  
FRN: 304153E

R.P.Mody  
(DIN No.00140503)  
Chairman

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

(B R Goyal)  
Partner  
M.No.12172

Anil Kr. Chandani  
Chief Financial Officer

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

Place: New Delhi  
Date: 15th May 2017

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
<b>I. Revenue from Operations</b>			
Revenue from Operations (Gross)		7,398,359,259	7,569,977,541
Less: Excise Duty		719,787,612	712,096,359
Net Revenue from Operations	19	6,678,571,647	6,857,881,182
<b>II. Other Income</b>	20	50,794,387	51,843,765
<b>III. Total Income</b>		<b>6,729,366,034</b>	<b>6,909,724,947</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	21	4,379,848,177	4,909,836,413
Purchase of Stock-In-Trade		64,732,446	56,538,371
Changes in Inventories of Finished goods, Work-in-Progress, Stock in trade & Scrap	22	35,701,776	(269,115,907)
Employee Benefit Expense	23	311,392,297	314,701,181
Finance Costs	24	368,362,379	339,984,761
Depreciation and Amortization Expense	10	160,112,028	135,112,254
Other Expenses	25	1,473,082,086	1,391,449,922
<b>Total Expenses</b>		<b>6,793,231,189</b>	<b>6,878,506,995</b>
<b>V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		(63,865,155)	31,217,952
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit/(Loss) before extraordinary items and tax (V-VI)</b>		(63,865,155)	31,217,952
<b>VIII. Extraordinary Items</b>		-	(36,332,569)
<b>IX. Profit/(Loss) before tax (VII-VIII)</b>		<b>(63,865,155)</b>	<b>(5,114,617)</b>
<b>X. Tax expense:-</b>	33		
Current tax		-	(6,195,055)
Deferred tax		(42,308,046)	4,147,530
Tax adjustment Related to Earlier Year		505,444	-
<b>XI. Profit/(Loss) for the period after tax (IX-X)</b>		<b>(22,062,553)</b>	<b>(3,067,092)</b>
<b>XII. Minority Interest</b>		-	-
<b>XIII. Profit/(Loss) after tax &amp; Minority Interest (XI-XII)</b>		<b>(22,062,553)</b>	<b>(3,067,092)</b>
<b>XIV. Earning per equity share:-</b>	36		
(1) Basic		(15.29)	(2.13)
(2) Diluted		(15.29)	(2.13)

**Significant Accounting Policies** 1

**Notes to the Consolidated financial statements** 2-40

The accompanying note referred to above form an integral part of the consolidated financial statements.

For and on behalf of the Board of directors of  
Hindusthan Urban Infrastructure Ltd

As per our report of even date  
For KN Gutgutia & Co  
Chartered Accountants  
FRN: 304153E

(B R Goyal)  
Partner  
M.No.12172

Place: New Delhi  
Date: 15th May 2017

R.P.Mody  
(DIN No.00140503)  
Chairman

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

Anil Kr. Chandani  
Chief Financial Officer

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

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	<b>For the year ended March 31, 2017 (₹)</b>	<b>For the year ended March 31, 2016 (₹)</b>
<b>CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
Net Profit /(Loss) Before Tax & Extraordinary Items	(63,865,155)	31,217,952
Adjustments for :		
Depreciation & amortisation expenses	160,112,028	135,112,254
Unrealised Foreign Exchange Fluctuation Loss/(Gain)	(2,985,289)	(2,900,709)
Finance Cost	368,362,379	339,984,761
Provision for Liquidated Damages/ Bad Debts W/of	5,655,704	3,772,395
Liability/Sundry Balance Written back	(11,955,697)	(2,887,744)
Provision for Employee Benefits	13,059,690	(14,076,694)
Extra Ordinary Items	-	(36,332,569)
Interest Income	(19,360,276)	(23,849,727)
Dividend Income	-	(4,696,072)
Profit on Sale of Fixed Assets	(3,665,541)	(1,489,249)
Profit on Sale of Investment	(10,252,205)	(363,394)
<b>Operating Profit Before Working Capital Changes</b>	<b>435,105,638</b>	<b>423,491,204</b>
Adjustments for:		
(Increase)/Decrease in Trade Receivable	223,066,320	(845,321,739)
(Increase)/Decrease in Loans & Advances	40,799,747	38,681,176
(Increase)/Decrease in Inventories	(28,227,795)	(284,361,246)
Increase/(Decrease) in Trade Payable, Provisions & Other liabilities	(59,900,094)	864,819,070
<b>Cash Generated from Operations</b>	<b>610,843,816</b>	<b>197,308,465</b>
Direct Tax Paid (net of refund)	1,860,429	12,576,754
<b>Net Cash Inflow /(Outflow) in course of Operating Activities</b>	<b>608,983,387</b>	<b>184,731,711</b>
<b>CASH FLOW ARISING FROM INVESTING ACTIVITIES</b>		
Acquisition / Purchase of Fixed Assets	(275,211,692)	(351,626,392)
Sale Proceeds of Fixed Assets	10,590,099	12,189,105
Purchase of Investment	(351,792,932)	(55,303,297)
Sale of Investments in shares / mutual funds	430,589,090	5,155,157
Interest Income Received	15,330,176	29,318,359
(Investment)/redemption in Term Deposit with bank as margin money (including unclaimed dividend)	(41,373,110)	52,146,644
Dividend Income Received	-	4,696,072
Capital Subsidy received	-	14,294,795
<b>Net Cash Inflow /(Outflow) in course of Investing Activities</b>	<b>(211,868,369)</b>	<b>(289,129,557)</b>
<b>CASH FLOW ARISING FROM FINANCING ACTIVITIES</b>		
Proceeds From / (Repayment) of Short Term Borrowings (net)	(204,721,740)	105,994,877
Loan taken from Related party	74,750,000	105,218,000
Proceeds From Long Term Borrowings	194,081,821	164,982,034
Repayment of Long term Borrowings	(112,713,146)	(28,793,729)
Finance Cost Paid	(320,947,210)	(278,373,240)
Dividend Paid (including DDT)	(1,745,256)	(1,721,361)
<b>Net Cash Inflow /(Outflow) in course of Financing Activities</b>	<b>(371,295,531)</b>	<b>67,306,581</b>
<b>Net Increase/ (Decrease) in cash &amp; cash Equivalent</b>	<b>25,819,487</b>	<b>(37,091,265)</b>
Cash & cash Equivalent at Beginning of the Year	16,061,308	53,152,573
<b>Cash &amp; cash Equivalent at End of the Year</b>	<b>41,880,794</b>	<b>16,061,308</b>
<b>Components of cash &amp; cash equivalents:</b>		
- Balance with Banks : On current accounts	39,873,860	12,320,323
- Cash on hand	2,006,934	3,340,985
- Deposit Account	-	400,000
	<b>41,880,794</b>	<b>16,061,308</b>

1) The above cash flow has been prepared under indirect method as set out in AS-3 "Cash Flow Statement".

2) Acquisition/Purchase of fixed assets includes movement of capital work in progress, Intangible assets under development and capital advances & capital payable, paid during the year.

For and on behalf of the Board of directors of Hindusthan Urban Infrastructure Ltd

**As per our report of even date  
For KN Gutgutia & Co  
Chartered Accountants  
FRN: 304153E**

**R.P.Mody  
(DIN No.00140503)  
Chairman**

**S.S.Bhuwania  
(DIN No.00107171)  
Vice Chairman and  
Managing Director**

**(B R Goyal)  
Partner  
M.No.12172**

**Anil Kr. Chandani  
Chief Financial Officer**

**M.L.Birmiwala  
Sr. V.P. Finance &  
Company Secretary**

**Place: New Delhi  
Date: 15th May 2017**

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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### NOTE 1: - SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Preparation of Consolidated Financial Statements

The accounts of the group are prepared under the historical cost convention except for certain fixed assets which are revalued on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the other relevant provisions of the Companies Act, 2013, pronouncements of the Institute of Chartered Accountants of India, and the guidelines issued by the Securities and Exchange Board of India ("SEBI"), to the extent applicable. The Consolidated Financial Statements are presented as per Schedule III to the Companies Act, 2013

#### B. Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of consolidated financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee benefit plans, income taxes, useful lives of tangible assets and intangible assets, impairment of assets, valuation of derivatives, provision for doubtful debts, etc. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Effect of material changes is disclosed in the notes to the consolidated financial statements.

#### C. 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:

- it is expected to be realised in, or is intended for sale or consumption in, the group'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 group'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 group 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.

#### D. Principles of Consolidation:

**The consolidated financial statements have been prepared on the following basis:**

- The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits.
- The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 (AS-21), "Consolidated Financial Statements" and 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 subsidiary companies considered in the consolidated financial statements are as under:

Name	Country of Incorporation	Percentage of Ownership
Hindusthan Speciality Chemicals Ltd.	India	100%
Hindusthan Vidyut Products Ltd.	India	100%
Hindusthan Projects Ltd.	India	100%

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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- iii. The excess of cost to the Company of its investments in the subsidiary Company over its share of the equity of the subsidiary Company, at the date on which the investment in the subsidiary Company is made, is recognized as 'goodwill' in the consolidated financial statement. The parent company's portion of equity in the subsidiary is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiary on the date of investment.
- iv. Goodwill in the Balance Sheet represents goodwill arising on consolidation of subsidiaries. Goodwill on consolidation is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for.
- v. Minority Interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above. The excess of loss over the minority interest in the equity is adjusted against General Reserve of the Company.

### **E. Revenue Recognition**

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, recovery of the consideration is reasonably assured and the amount of revenue can be measured reliably. Revenues include excise duty and are shown net of sales tax, value added tax and discounts, if any.

Receipt of subsidy, disbursed by the Governments is included in other operating income. The subsidy amount is recognized only to the extent that the realization is reasonably assured.

Dividend income is recognized when the right to receive the income is established. Income from interest on deposits and loans is recognized on time proportionate basis. Export incentives/ benefits are accounted for on accrual basis in the year in which exports are made and are included in other operating income.

### **F. 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.

### **G. 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.

### **H. 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.

### **I. 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.

Expenditure incurred on start up and commissioning of the project and/or substantial expansion, including the expenditure up to the date of commencement of commercial production are capitalised. Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

With effect from the current year, pursuant to the amendment in AS -10, Property, Plants & Equipment, spare parts having life more than 12 months are capitalised at their respective carrying amount with the main assets and are being depreciated over remaining useful life of the main assets prospectively.

### **J. 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.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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### **K. 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.
- (iii) Leasehold land is amortized over the lease period.
- (iv) Intangible Fixed Assets like Product development, Software systems etc. are being amortized over a period of five years.

### **L. Impairment of Assets**

The group assesses at each Balance Sheet date whether there is any indication that an asset/cash generating unit may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset/cash generating unit. If such recoverable amount of the asset or the recoverable amount of the cash generating unit is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognized for an asset/cash generating unit in prior accounting periods may no longer exist or may have decreased. If any such indications exists, the asset's/ cash generating unit's recoverable amount is estimated. The carrying amount of the fixed asset/ cash generating unit is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous periods. A reversal of impairment loss is recognized in the Statement of Profit and Loss.

### **M. Foreign Currency Transactions and Translations**

- (a) Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/ or closely approximating to the date of the transaction.
- (b) Conversion: Foreign currency monetary items, if any are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (c) Exchange Difference: Exchange differences arising on the settlement of monetary items, if any or on reporting such monetary items of the group at rates different from those at which they were initially recorded during the year or reported in previous consolidated financial statements, are recognized as income or as expenses in the year in which they arise.
- (d) Foreign Exchange Forward Contracts: Monetary Assets and Liabilities, if any are restated at the rate prevailing at the period end or at the spot rate at the inception of forward contract where forward cover for specific asset/ liability has been taken and in respect of such forward contracts the difference between the contract rate and the spot rate at the inception of the forward contract is recognized as income or expense in Statement of Profit and Loss over the life of the contract. All other outstanding forward contracts on the closing date are mark to market and resultant loss is recognized as expense in the Statement of Profit and Loss. Mark to market gains, if any, are ignored. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

### **N. Investments**

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current Investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investment, such reduction being determined and made for each investment individually.

### **O. 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 except in case of Insulators Division of the parent company on the basis of First-in-First out (FIFO). The cost of work-in-progress and finished goods comprises of raw materials, direct labour, other direct costs, cost of conversion and appropriate portion of variable and fixed production overheads and such other costs incurred as to bring the inventory to its present location and condition inclusive of excise duty wherever applicable. Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion/reprocessing and the estimated cost necessary to make the sale.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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### **P. 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.

### **Q. 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 Operating Income where it is certain that ultimate realisability is certain.

### **R. INCOME TAX**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

#### **CURRENT TAX**

Current tax expenses is based on the provisions of Income Tax Act, 1961 and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the group is entitled to as well as the reliance placed by the group on the legal advices received by it. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

#### **DEFERRED TAX**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the current year and reversal of timing differences for earlier years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets and deferred tax liabilities are offsets when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing tax laws.

### **S. 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.

### **T. PROVISIONS AND CONTINGENT LIABILITIES**

The group recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent Assets are neither recognized nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

### **U. SEGMENT REPORTING**

The accounting policies adopted for segment reporting are in line with accounting policies of the group. Revenue, Expenses, Assets and Liabilities have been identified to segments on the basis of their relationship to operating activities of the segments and Internal Management Information Systems and the same is reviewed from time to time to realign the same to conform to the Business Units of the group. Revenue, Expenses, Assets and Liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, has been treated as "Common Revenue/Expenses/Assets/Liabilities", as the case may be.

### **V. Cash & Cash Equivalent:**

Cash & cash equivalent comprise cash balances in hand, Cash balance with bank, and highly liquid investment with original maturity, at the date of purchase/investment of three months or less.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note No-2: - Share Capital</b>		
<b>(a) AUTHORISED</b>		
25,00,000 Equity Shares of ₹ 10/-each. (PY 25,00,000 Equity Shares of ₹ 10/-each.)	25,000,000	25,000,000
<b>(b) ISSUED AND SUBSCRIBED</b>		
14,43,000 Equity Shares of ₹ 10/-each. (PY 14,43,000 Equity Shares of ₹ 10/-each.)	14,430,000	14,430,000
<b>(c) PAID UP</b>		
14,42,885 Equity Shares of ₹ 10/-each. (PY 14,42,885 Equity Shares of ₹ 10/-each.)	14,428,850	14,428,850
	<b>14,428,850</b>	<b>14,428,850</b>

**2.1 RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING**

	As At March 31, 2017		As At March 31, 2016	
	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

2.2 The Company has only one class of shares referred to as equity shares having par value of Rs 10/-. Each holder of equity shares is entitled to one vote per share.

2.3 Shares in respect of each class in the company held by its holding company rights ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate : NIL

2.4 Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts : NIL

2.5 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.6 The company has not Issued equity share capital including shares allotted for consideration other than cash during the last five years.

2.7 Dividend of Rs 1/- share (Previous Year Rs 1/-) proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

**2.8 DETAILS OF SHAREHOLDERS HOLDING MORE THEN 5% SHARES IS SET OUT BELOW:**

NAME OF THE SHAREHOLDER	As At March 31, 2017		As At March 31, 2016	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
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%



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

	<b>As At March 31, 2017</b>		<b>As At March 31, 2016</b>	
	<b>( ₹ )</b>		<b>( ₹ )</b>	
<b>Note No-3: - Reserves and Surplus</b>				
(a) <b>Capital Redemption Reserve</b>		2,643,500		2,643,500
(b) <b>Revaluation Reserve</b>	3,013,159		3,014,882	
Less:- Transferred to General Reserve	<u>2,254</u>		<u>1,723</u>	
	3,010,905	3,010,905	3,013,159	3,013,159
(c) <b>General Reserve</b>	2,575,614,746		2,580,416,737	
Add/(Less):- Transferred to surplus/ (defecit)	(25,000,000)		(4,803,714)	
Transferred from Revaluation Reserve	<u>2,254</u>		<u>1,723</u>	
	2,550,617,000	2,550,617,000	2,575,614,746	2,575,614,746
(d) <b>Capital Reserve</b>		106,417,407		106,417,407
(e) <b>Surplus/ (Defecit)</b>	-			
Add:- Profit / (Loss) after tax transferred from the statement of profit & loss	(22,062,553)		(3,067,092)	
Transferred from General Reserve	25,000,000		4,803,714	
<b>Less:- Appropriations</b>				
Proposed Dividend on Equity Shares	1,442,885		1,442,885	
Distribution Tax on Proposed equity dividend	<u>293,737</u>	1,200,825	<u>293,737</u>	-
		<b>2,663,889,637</b>		<b>2,687,688,812</b>

**Note No-4: - Long Term Borrowings**

**Term Loan (Secured): From Banks**

Term Loan (Rupee Loan) *	441,154,894		447,094,402	
Less:- Current Maturities	<u>90,336,000</u>	350,818,894	<u>90,535,362</u>	356,559,040
Term Loan -(Foreign Currency Loan) **	93,128,000			
Less:- Current Maturities	<u>20,789,000</u>	72,339,000		-
Term Loan (Rupee Loan)**	3,583,000		115,000,000	
Less:- Current Maturities	<u>3,583,000</u>	-	<u>18,279,000</u>	96,721,000
Term Loan from Bank (Secured) ###	109,681,821		-	
Less:- Current Maturities	<u>-</u>	109,681,821	<u>-</u>	-
Vehicle Loan (Rupee Loan) #	9,826,421		13,911,059	
Less:- Current Maturities	<u>4,518,915</u>	5,307,506	<u>4,084,638</u>	9,826,421
		<b>538,147,221</b>		<b>463,106,461</b>

- \* a) Type of Loan : 11.20% p.a. Term Loans from Canara Bank, New Delhi of ₹123,900,000/- & ₹ 119,592,500/- availed at parent company.  
Nature of Security: Secured by first charge on Assets created out of 4 nos. of Wind Turbine Generator (WTGs) at Akel site, Distt. Jaiselmer (Rajasthan) & Ratan Ka Bas, Distt. Jodhpur (Rajasthan) and land at WTG site.  
Terms of Repayment : The loan is repayable in 108 & 96 monthly instalments starting from 01.08.2010 and 01.02.2011 respectively.
- b) Type of Loan : 11.20% p.a. Term Loan Canara bank, New Delhi of ₹129,500,000/- taken for Guwahati project at Plot No 1C, Industrial park, Sila Mouza, Kamrup, Guwahati, Assam availed at parent company.  
Nature of Security: Secured by first charge on Land, Building and Plant & machine created out of the loan.  
Terms of Repayment : The loan is repayable in 16 half yearly instalments starting from 01.08.2012.
- c) Type of Loan : 11.20% p.a. Term loan Canara bank, New Delhi of ₹ 450,000,000/- is sanctioned on 14.08.2015 by Canara bank, New Delhi for our Khurda Projects at 11.20% p.a. against which ₹ 406,434,112/- availed at parent company.  
Nature of Security: The loan is secured by exclusive charge on land & building and other fixed/movable/immovable assets situated at Village-chmpajhara, Distt- Khurda, Bhubaneswer.  
Terms of Repayment : The said loan is repayable in 32 quarterly structured instalments starting from quarter ending December'2015 and ending on quarter ending September'2023.
- \*\* d) Type of Loan: 16.20% p.a. Indian rupee term loan from State Bank of India. During the year, the company has converted indian rupee term loan of Rs 93,128,000 (USD 1,400,000/-) in to foreign currency term loan for one year with interest rate 5.758% availed at parent company.  
Nature of Security : Secured by 1st Charge over fixed assets situated at plot no 1-8, New Industrial area Mandideep, Tehsil-Goharganj, Distt- Raisen, M.P.  
Terms of Repayment: The loan is repayable in 18 quarterly instalment of Rs 60.93 Lakhs starting from Sep'2016.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

- ## e) Type of Loan : Term Loan sanctioned during the year by State Bank of Bikaner & Jaipur (now merged with State Bank of India) @ 11.20% p.a. Rs.500,000,000/- (Disbursed amount of Rs.49,300,000/-), State Bank of Hyderabad (now merged with State Bank of India) @ 11.15 % p.a. Rs.250,000,000/- (Disbursed amount of Rs.24,700,000/-), by Andhra Bank @ 11.15% p.a. Rs.328,000,000/- (Disbursed amount of Rs.9,400,000/-) and by Corporation Bank @ 11.20% p.a. Rs.650,000,000/- (Disbursed amount of Rs.25,700,000/-) availed at subsidiary company.

Nature of Security : Secured by first pari-pasu charge by way of mortgage of all the immovable properties and assets including project land (including leasehold right), first paripasu charge by way of hypothecation on all of tangible movable fixed assets both present & future, interest, title, benefits, claims and demands in the material project documents, project clearances, letter of credit, guarantees, liquidated damages, performance bond and under insurance contracts, first paripasu charge by over all bank account & profit after tax of the subsidiary company & second pari-pasu charge on the entire current assets of the subsidiary company.

Terms of Repayment : The same is repayable in 32 equal quarterly instalments commencing from October 2018.

- # f) Type of Loan : 10.14% p.a. Car loan from ICICI Bank of ₹ 20,930,000/- availed at parent company.

Terms of Repayment: The said loan is repayable in 59 equal monthly instalments starting from 10.06.2014.

### Note No-5: - Deferred Tax Liabilities (Net)

(Refer Note  
33 (B) )

Deferred tax Liabilities	311,648,602	250,533,868
Less:- Deferred tax Assets	130,117,780	26,695,000
	<u>181,530,822</u>	<u>223,838,868</u>

### Note No-6: - Long Term Provisions

Employee Benefits	52,685,789	48,851,370
	<u>52,685,789</u>	<u>48,851,370</u>

### Note No-7: - Short-term borrowings

- (I) Working Capital Facilities from Banks-Secured\* (Repayable on Demand)

#### Foreign Currency loan #

PCFC Loan	-	20,399,961
Buyer's Credit Loan	195,727,926	177,615,964

#### Rupee loan #

Cash Credit	522,646,252	31,241,801
Working Capital Demad Loan	75,000,000	773,925,898

- (II) Loan & Advances - From Related Parties -Unsecured (Repayable on Demand)

- 7% p.a. Loan from Hindusthan Engineering & Industries Ltd.	710,537,164	635,787,164
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	<u>1,503,911,342</u>	<u>1,638,970,788</u>
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- \* Type of Loan: Working Capital Facilities from Canara Bank for the Conductor Division of parent company against which drawing is ₹ 369,976,116/- (previous year ₹ 544,143,498/-).

Nature of Security : Secured against hypothecation of stocks, book debts and plant & machinery both present & future at Village-chmpajhara, Distt- Khurda, Bhubaneswer & 12/1,Milestone, Delhi Mathura Road, Faridabad & Industrial Area, Birla Nagar, Gwalior & Plot No 1C, Industrial park, Sila Mouza, Kamrup, Guwahati, Assam and equitable mortgage of land and building at 12/1,Milestone, Delhi Mathura Road, Faridabad & Industrial Area, Birla Nagar, Gwalior.

Type of Loan: Working capital facilities from State Bank of India, Bhopal Branch for the Insulator division of parent company against which drawing is ₹ 423,398,062/- (previous year ₹ 459,040,126/-)

Nature of Security: Secured against hypothecation of all types of stocks and book debts and other receivable situated at plot no 1-8, New Industrial area Mandideep, Tehsil-Goharganj,Distt-Raisen, M.P. or such other place as approved by bank and secured collaterally by way of second charge on fixed assets of insulators division situated at plot no 1-8, New Industrial area Mandideep, Tehsil-Goharganj,Distt-Raisen, M.P.

- # Interest rate varies from 1% p.a. to 6% p.a. on foreign currency denominated working capital facilities and it varies from 8% p.a. to 13% p.a. on rupee denominated working capital facilities.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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	As At March 31, 2017 (₹)	As At March 31, 2016 (₹)
<b>Note No-8: - Other Current Liabilities</b>		
(I) Current Maturities of Long term Debt		
11.20% p.a. Term Loan from a Bank (Rupee Loan)	90,336,000	90,535,362
5.758 % p.a. Term Loan -(Foreign Currency Loan)	20,789,000	18,279,000
16.20% p.a. Term Loan from a Bank (Rupee Loan)	3,583,000	-
10.14% p.a. ICICI Bank Term Loan - Car Loan	4,518,915	4,084,638
(II) Interest accrued but not due on borrowings	8,682,853	12,130,019
(III) Interest Payable to related party	187,542,793	145,104,135
(IV) Interest accrued & due on borrowings	7,743,608	-
(III) Unclaimed dividend	506,505	515,139
(IV) Other Payables		
(a) Creditors For Capital Goods	831,868	23,118,188
(b) Advance From Customers	38,804,931	21,203,716
(c) Other	19,966,101	19,966,101
(d) Statutory		
Income Tax (TDS)	11,749,665	12,331,289
Excise Duty	51,576,471	42,249,739
Sales Tax	6,539,476	11,366,960
Others	30,234,313	4,288,808
(V) Other Deposits		
Other Deposit - Trade/Service Deposits	14,870,084	100,614
Amount payable against outstanding forward contract	8,312,453	-
	<b>506,588,036</b>	<b>405,273,708</b>
<b>Note No-9: - Short Term Provisions</b>		
(I) Employee Benefits	53,069,583	43,834,130
(II) Others		
Liquidated Damages	-	259,195
Proposed Dividend on Equity Shares	1,442,885	1,442,885
Distribution Tax on Proposed equity dividend	293,737	293,737
Provision for Excise Duty on Stocks	13,444,834	28,615,439
	<b>68,251,039</b>	<b>74,445,386</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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			As At March 31, 2017 (₹)	As At March 31, 2016 (₹)
<b>Note No-11: - Non-Current Investment</b>				
<b>Non- Trade Investment</b>				
Investment in Property				
- Land at Banera		90,800	90,800	
- Land at Bangalore (including Site development)		114,420,670	112,627,737	
<b>QUOTED #</b>				
Investment in Equity				
- Reliance Industries Ltd.	189,997,849		238,834,734	
- Ballarpur Industries Ltd.	5,331,101	195,328,950	5,331,101	244,165,835
		<u>309,840,420</u>		<u>356,884,372</u>
			<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
	<b>Face value per Unit</b>	<b>No. of Units</b>	<b>Amount (₹)</b>	<b>No. of Units</b>
<b># QUOTED</b>				<b>Amount (₹)</b>
Investments in Equity Instruments				
- Reliance Industries Ltd.	Others	₹ 10	175,157	189,997,849
- Ballarpur Industries Ltd.	Others	₹ 2	159,615	5,331,101
			225,157	238,834,734
			159,615	5,331,101
<b>(Market Value of Quoted Investments are ₹ 234,187,588/- (Previous Year ₹ 237,532,080/-))</b>				

		As At March 31, 2017 (₹)	As At March 31, 2016 (₹)
<b>Note No-12: - Long Term Loans and Advances</b>			
(I) Capital Advances			
(A) Unsecured, considered good		45,210,043	17,130,392
(II) Security Deposits			
Unsecured, considered good			
(A) (i) Sales Tax (Under Litigation)		3,638,480	1,687,202
(ii) Municipal Corporation (Under Litigation)		515,450	514,250
(iii) Central Excise & Custom (Under Litigation)		3,966,355	3,500,000
(B) Others - i) Tender		16,263,424	19,220,024
ii) Electricity		31,920,448	27,098,316
iii) Others		24,913,599	27,037,088
(III) Advance Income Tax		99,694,431	97,834,002
(IV) Loan & advances to Employees		295,300	311,000
(V) Others		1,488,044	1,860,870
		<u>227,905,574</u>	<u>196,193,144</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

	As At March 31, 2017 (₹)	As At March 31, 2016 (₹)
<b>Note No-13: - Current Investments</b>		
Investment in Mutual Fund		
Birla Sunlife Cash Plus- Direct Growth (Unit C/Y Nil, P/Y Rs.88,773.919) (NAV C/Y Nil, P/Y Rs.2,15,99,937)	-	21,500,000
	<u>-</u>	<u>21,500,000</u>
<b>Note No-14: - Inventories</b>		
(I) Raw materials - In hand	141,448,886	114,845,094
- In Transit	24,303,172	8,266,062
(II) Work-in-Progress	390,917,591	276,056,839
(III) Finished Goods	123,768,587	269,219,989
(IV) Stock in Trade	1,539,928	8,893,714
(V) Stores & Spares and Packing	105,465,150	84,039,527
(VI) Loose Tools	2,496,748	2,633,704
(VII) Scrap	6,850,373	4,607,711
(For the purpose of valuation Refer Note No 1.O)	<u>796,790,435</u>	<u>768,562,640</u>
<b>Note No-15: - Trade Receivables</b>		
(I) Outstanding for a period exceeding six months from the date they were due for payment.		
(i) Unsecured, considered good	413,344,501	247,612,888
(II) Others		
(i) Secured, considered good	403,515,483	775,519,819
(ii) Unsecured, considered good	1,512,765,051	1,537,654,758
	<u>2,329,625,035</u>	<u>2,560,787,465</u>
<b>Note No-16: - Cash and Cash Equivalents</b>		
<b>(I) Cash and Cash equivalents</b>		
(i) Cash on Hand	2,006,934	3,340,985
(ii) Balance with Banks		
Current Accounts	39,873,860	12,320,323
Fixed Deposits	-	400,000
	<u>41,880,794</u>	<u>16,061,308</u>
<b>(II) Other Bank Balances</b>		
Earmarked Balances with Banks - Unclaimed Dividend	506,505	515,139
Balances with Banks held as Margin money/ Security#	118,351,792	77,519,848
	<u>160,739,091</u>	<u>94,096,295</u>
# Includes deposit more than 12 months ₹ 2,000,000/- (Previous year ₹ 23,672,537/-)		
<b>Note No-17: - Short- Term Loans and Advances</b>		
(I) Earnest Money Deposit (Unsecured considered good)	8,521,742	3,329,742
(II) Deposit/ Credit with Government Authorities		
Custom, Excise & Service Tax	145,962,301	98,662,822
Sales tax	24,542,432	1,807,336
Income tax	370,506	2,156,103
(III) Loan & advances to Employees	1,856,555	2,360,230
(IV) Advances to Suppliers	43,834,275	169,082,425
(V) Others	21,635,207	14,254,703
	<u>246,723,018</u>	<u>291,653,361</u>
<b>Note No-18: - Other Current Assets</b>		
Interest accrued but not Due - Unsecured	6,412,539	6,610,324
Unamortized premium on forward contract	2,192,236	-
Insurance Claim Receivable	5,043,255	-
	<u>13,648,030</u>	<u>6,610,324</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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**Notes to Consolidated Profit & Loss Statement for the year ended March 31, 2017**

	<b>2016-17</b>	<b>2015-16</b>
	(₹)	(₹)
<b>Note No-19: - Revenue from operations</b>		
(A) SALE OF PRODUCTS		
(I) Conductors	4,925,518,592	5,494,400,757
(II) Insulators	2,205,709,781	1,901,009,158
(III) Epoxy Resin And Allied Products	132,088,317	56,558,056
(IV) Power Generation Sales	35,708,795	30,104,971
<b>TOTAL A</b>	<b><u>7,299,025,485</u></b>	<b><u>7,482,072,942</u></b>
(B) OTHER OPERATING REVENUE		
(I) Scrap	26,951,158	19,274,787
(II) Export Incentive	8,502,867	8,013,569
(III) Sales Tax / Excise Benefit	55,652,913	60,616,243
(IV) Installation Charges	1,395,000	-
(V) Foreign Exchange Gain On Borrowing Cost	6,831,836	-
<b>TOTAL B</b>	<b><u>99,333,774</u></b>	<b><u>87,904,599</u></b>
<b>TOTAL (A + B)</b>	<b><u>7,398,359,259</u></b>	<b><u>7,569,977,541</u></b>
(C) EXCISE DUTY ON SALES	TOTAL C	712,096,359
	719,787,612	712,096,359
<b>TOTAL (A + B - C)</b>	<b><u>6,678,571,647</u></b>	<b><u>6,857,881,182</u></b>
<b>Note No-20: - Other Income</b>		
(A) INTEREST INCOME		
From Fixed Deposits	6,955,652	11,668,199
From Customers	10,330,159	3,945,798
From Related Parties	-	-
From Others	2,074,465	8,235,730
(B) DIVIDEND INCOME	-	4,696,072
(C) NET GAIN ON SALE OF INVESTMENT	10,252,205	363,394
(D) OTHER NON- OPERATING INCOME		
Foreign Exchange Fluctuation Gain (Net)	5,363,260	7,722,337
Claims Received (Net)	197,408	-
Compensation Received	-	9,117,126
Profit on Sale of Fixed Assets	3,665,541	3,207,365
Liabilities No Longer Required & Sundry Credit Balance Written Back	11,955,697	2,887,744
<b>TOTAL II</b>	<b><u>50,794,387</u></b>	<b><u>51,843,765</u></b>
<b>III. Total Revenue (I +II)</b>	<b><u>6,729,366,034</u></b>	<b><u>6,909,724,947</u></b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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	<b>2016-17</b>	<b>2015-16</b>
	(₹)	(₹)
<b>IV. EXPENSES</b>		
<b>Note No-21: - Cost of Materials Consumed</b>	<u>4,379,848,177</u>	<u>4,909,836,413</u>
RAW MATERIAL CONSUMED	<u><b>4,379,848,177</b></u>	<u><b>4,909,836,413</b></u>
<b>Note No-22: - Change in Inventories of Finished Goods, Work-in-Progress, Scrap &amp; Stock in Trade</b>		
<b>Inventories at the beginning of the year</b>		
Finished Goods	269,219,989	80,193,559
Work-In-Progress	276,056,840	206,183,851
Scrap	4,607,711	1,795,640
Stock in Trade	8,893,714	1,489,296
	<u>558,778,254</u>	<u>289,662,346</u>
<b>Inventories at the end of the year</b>		
Finished Goods	123,768,587	269,219,989
Work-In-Progress	390,917,591	276,056,839
Scrap	6,850,373	4,607,711
Stock in Trade	1,539,928	8,893,714
	<u>523,076,479</u>	<u>558,778,253</u>
<b>Net (increase) / decrease</b>	<u><b>35,701,776</b></u>	<u><b>(269,115,907)</b></u>
<b>Note No-23: - Employee Benefit Expenses</b>		
(I) Salaries, Wages and Bonus etc.	290,916,572	291,886,672
(II) Contribution to Provident & Other Funds	15,290,462	16,347,614
(III) Staff & Workmen Welfare	5,185,263	6,466,895
	<u><b>311,392,297</b></u>	<u><b>314,701,181</b></u>
<b>Note No-24: - Finance Costs</b>		
(1) INTEREST		
On Term Loan	71,243,634	51,112,411
On Working Capital Borrowings	204,028,651	180,993,769
On Loan from - Related Party	47,154,064	57,026,527
On Exchange difference to the extent considered as an adjustment to borrowing cost	-	2,687,967
On Others	314,539	1,427,705
	<u><b>322,740,888</b></u>	<u><b>293,248,379</b></u>
(2) OTHER BORROWING COST		
Bank Charges	45,621,491	46,736,382
	<u><b>368,362,379</b></u>	<u><b>339,984,761</b></u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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	<b>2016-17</b>	<b>2015-16</b>
	(₹)	(₹)
<b>Note No-25: - Other Expenses</b>		
<b>MANUFACTURING EXPENSES</b>		
(i) Stores & Spares	189,952,428	159,149,576
(ii) Packing & Forwarding Expenses (Net)	295,816,629	309,959,908
(iii) Power & Fuel	521,222,608	447,621,905
(iv) Repairs to Building	16,943,414	13,170,715
(v) Repairs to Machinery	34,732,017	24,063,701
(vi) Jobs on Contract	304,042,607	259,413,445
(vii) Freight and Transport	-	326,322
(viii) Increase/(Decrease) in Excise Duty & Cess on Inventories	(15,265,380)	33,714,246
<b>SELLING AND ADMINISTRATION</b>		
(i) Rent	9,607,386	10,284,138
(ii) Insurance	6,688,794	8,195,272
(iii) Rates & Taxes	3,152,092	5,454,790
(iv) Repairs - Others	7,952,289	6,176,171
(v) Directors Meeting Fees	909,500	938,265
(vi) Payment to Auditors (Refer note 37 (2) )	522,470	387,183
(vii) Charity & Donation	39,200	2,035,039
(viii) Brokerage & Commission	6,537,986	17,932,675
(ix) Bad Debts Written Off	5,558,666	3,772,395
(x) Loss on Sale of Fixed Assets	-	1,718,116
(xi) Claims Paid	166,791	233,968
(xii) Provision for Liquidated Damages	97,038	-
(xii) Fluctuation in Exchange Rate (Net)	(503,201)	1,033,715
(xiii) R&D Expenses	85,326	121,603
(xiv) Miscellaneous Expenses	84,823,426	85,746,774
	<b><u>1,473,082,086</u></b>	<b><u>1,391,449,922</u></b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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	<b>As at March 31, 2017 (₹)</b>	<b>As at March 31, 2016 (₹)</b>
<b>NOTE 26: - Contingent liabilities</b>		
<b>(1) Contingent liabilities (to the extent not provided for)</b>		
<b>A) Guarantee</b>		
(a) The parent company has given following corporate guarantee on behalf of group companies under sales tax, excise, custom etc :		
Hindusthan Engineering Industries Ltd (group company), under sales tax, excise, custom etc	60,723,570	60,723,570
Total effective guarantee as on 31st March, 2017 is Rs 60,723,570 /- (Previous year - Rs 60,723,570 /-)		
(b) Outstanding guarantees furnished by banks on behalf of the group	1,883,174,812	1,673,849,433
(c) Outstanding letters of credit furnished by banks on behalf of the group	954,443,188	1,735,081,419
<b>(B) Claims against group, disputed by the group, not acknowledged as debt:</b>		
(a) Income Tax demand under appeal *	6,036,025	5,548,639
(b) Excise Duty show cause notices/demands under appeal	59,300,784	44,012,304
(c) Claims against the group for Sales/Purchase Tax/VAT	38,932,647	24,368,968
(d) Claims against the group for Labour Cases/MCF & Other under litigation	24,162,183	16,996,000
* Apart from these liabilities, the parent company has received demand of Rs. 66,927,117/- from Income Tax department related to assessment year 13-14 & 14-15, however the credit of advance Income tax of Rs. 46,600,000/- has not been adjusted against liability at the time of assessment but the same is reflecting in records of Income tax department (As per statement of 26AS). Balance demand is due to interest charged on the above. The company has filed rectification application for the said demand.		
<b>(2) Commitments as at year end: (to the extent not provided for)</b>		
<b>A) Capital Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account (Net of advances)	428,450,115	9,966,189
<b>B) Other Commitments:</b>		
(i) Surety Bond given to Custom & Excise/JDFT	68,093,250	247,578,450
(ii) Sales order to be executed against Government and Private Contracts	4,208,790,000	4,022,300,480
(iii) Liability in respect of sales bills discounted with banks/NBFC's	175,784,639	22,412,908

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
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**NOTE 27: - Disclosure requirement under MSMED Act, 2006**

The group has certain dues to suppliers (trade and capital) registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act').

There are no micro and small enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at 31st March, 2017 and 31st March, 2016. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the group. The disclosures pursuant to the said MSMED Act are as follows:

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	8,800,075	14,715,180
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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	As At March 31, 2017 (₹)		As At March 31, 2016 (₹)	
	Foreign Currency	INR Value	Foreign Currency	INR Value
<b>NOTE 28: - Derivative Instrument and Unhedged Foreign Currency Exposure:</b>				
<b>a) Derivatives outstanding as at the Balance Sheet date:</b>				
<b>Nature of Instrument:</b>				
Forward Contract to buy				
USD				
-For Foreign Currency Loan (No of Contracts-CY-5, PY-1)	2,728,440	184,660,144	475,000	32,903,250
-For Purchase of Raw Material (No of Contracts-CY-7, PY-0)	191,616	13,080,996	-	-
Forward Contract to sell				
EURO				
-Export Receivables (No of Contracts-CY-0, PY-2)	-	-	1,951,000	152,333,585
<b>b) Particulars of unhedged foreign currency exposure as at the reporting date</b>				
<b>Foreign Currency Payable (including buyers credit)</b>				
USD	1,846,977	119,876,371	2,640,891	175,912,976
EURO	21,000	1,483,125	-	-
GBP	130,625	10,775,227	153,958	15,093,473
<b>Foreign Currency Receivable</b>				
USD	1,485,716	96,267,317	1,811,982	119,282,924
EURO	1,423,326	98,311,367	1,402,544	97,615,797

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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**NOTE 29: - Employee Benefits**

As per Accounting Standard 15 (Revised) on "Employee Benefits" (AS-15), the disclosures of Employee Benefits as defined in the Accounting Standard are given below:

**a) Defined Contribution Scheme**

Contribution to Defined Contribution Plan, recognized for the year are as under:

Particulars	2016-17	2015-16
	(₹)	(₹)
Employer's Contribution to Provident Fund	6,672,470	7,305,844
Employer's Contribution to Pension Fund	5,212,593	5,683,164
Employer's ESI Contribution	3,092,265	3,334,006
Labour Welfare Fund	-	24,600
<b>Total</b>	<b>14,977,328</b>	<b>16,347,614</b>

The guidance on implementing Accounting Standard-15 (Revised 2005) on Employee Benefits issued by Accounting Standard Board (ASB) states that benefits involving employer's established provident funds, which require the interest shortfall to be recompensated are to be considered as "Defined Benefit Plans". The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended December,2011. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at March 31,2017.

**b) Defined Benefit Scheme**

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 2016-17**

Particulars	Leave Encashment (Non-Funded)		Gratuity (Non-Funded)	
	(₹)		(₹)	
	2016-17	2015-16	2016-17	2015-16
Current Service Cost	1,778,884	1,576,748	3,138,006	2,968,592
Interest Cost	680,942	824,208	4,231,999	5,415,248
Expected return on plan assets	-	-	-	-
Actuarial Losses / (Gains)	(828,690)	(1,054,517)	3,489,148	761,832
Past Service Cost	-	237,039	-	125,237
Net benefit expenses	1,631,136	1,583,478	10,859,153	9,270,909

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**Net assets/(Liability) recognized in Balance Sheet as at March 31, 2017**

Particulars	Leave Encashment (Non-Funded)		Gratuity (Non-Funded)	
	(₹)		(₹)	
	2016-17	2015-16	2016-17	2015-16
Present Value of Defined Benefit Obligation as on 31.03.2017	9,010,109	8,875,661	59,056,128	54,557,674
Fair Value of plan assets	-	-	-	(54,557,674)
Funded status - Deficit	(9,010,109)	(8,875,661)	(59,056,128)	-
Unrecognised Past Service Costs	-	-	-	-
Net liabilities recognized in Balance Sheet	(9,010,109)	(8,875,661)	(59,056,128)	(54,557,674)

**Change in the obligation over the year ended 31st March, 2017**

Particulars	Leave Encashment (Non-Funded)		Gratuity (Non-Funded)	
	(₹)		(₹)	
	2016-17	2015-16	2016-17	2015-16
Present Value of Defined Benefit Obligation as on 01.04.2016	8,863,852	10,690,403	54,550,203	69,628,044
Interest Cost	680,942	824,208	4,231,999	5,415,248
Past Service Cost	-	-	-	125,237
Current Service Cost	1,778,884	1,586,077	3,138,006	2,968,592
Benefits Paid	(1,484,879)	(3,149,223)	(6,353,228)	(24,341,279)
Actuarial (Gain) / loss on obligation	(828,690)	(1,075,794)	3,489,148	761,832
Present Value of Defined Benefit Obligation as on 31.03.2017	9,010,109	8,875,661	59,056,128	54,557,674

**Change in fair value of Plan Assets**

Particulars	Leave Encashment (Non-Funded)		Gratuity (Non-Funded)	
	(₹)		(₹)	
	2016-17	2015-16	2016-17	2015-16
Fair Value of plan assets as on 01.04.2016	-	-	-	-
Actual return on plan assets	-	-	-	-
Contribution	-	-	-	-
Benefits paid	-	-	-	-
Fair Value of plan assets as on 31.03.2017	-	-	-	-

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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**Major actuarial assumption**

Particulars	Leave Encashment (Non-Funded) (₹)		Gratuity (Non-Funded) (₹)		
	2016-17	2015-16	2016-17	2015-16	
Discount Rate (based on the market yields available on Government bonds at the accounting date with term that matches that of the liabilities)	Conductor	7.50%	7.75 %	7.50%	7.75 %
	Insulators	7.10%	7.90 %	7.10%	7.90 %
	Chemicals	8.00%	7.75 %	8.00%	7.75 %
Salary increase (Taking into account inflation, seniority, promotion and other relevant factors)	Conductor	3.00%	3.00 %	3.00 %	3.00 %
	Insulators	5.00%	5.00 %	5.00%	5.00 %
	Chemicals	3.00%	3.00 %	3.00%	3.00 %
Expected rate of return on assets	-	-	-	-	

**NOTE 30: - Related party disclosures, as required by AS-18 “Related Party Disclosures” are given below :**

**List of related parties**

**Enterprise which have significant influence over the group:**

Hindusthan Consultancy & Services Ltd.

**Enterprises over which group/ key management personnel of group having significant influence:**

Carbo Industrial Holdings Ltd.

Hindusthan Business Corporation Ltd.

Pradyumna Steels Ltd.

Promain Ltd.

Hindusthan Engineering & Industries Ltd.

Jai Commercial Company Ltd.

Mody Investment & Mfg. Co. Pvt. Ltd.

Adarsh Commercial Co.Ltd.

Mody Education Foundation

**Key Management Personnel/Relatives of Key Management Personnel :**

Rajendra Prasad Mody, Chairman

Vikram Aditya Mody, Promotor Director

Shyam Sunder Bhuwania, Vice Chairman & Managing Director

Vivek Dayaram Kohli, Whole time Director (w.e.f. 01.04.2016)

Anil Kumar Chandani, Chief Financial Officer (w.e.f. 01.04.2016)

Deepak Kejriwal, (Chief Financial Officer up to 31.03.2016)

Murari Lal Birmiwala , Senior Vice President Finance & Company Secretary

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

Parag Dadeech (Chief Executive Officer (CEO), Hindusthan Speciliaty Chemicals Ltd w.e.f. 14.10.2016)

Deepak Kumar Ajmera (Chief Financial Officer, Hindusthan Specility Chemicals Ltd)

Neeraj Jain (Company Secretary, Hindusthan Specility Chemicals Ltd)

Raghavendra Anant Mody, (Son of Promoter Director)

Sanchita Mody, (Wife of Promoter Director)

Nirmala Bhuwania (Wife of Vice Chairman & Managing Director)

Krishan Kumar Birmiwala (Son of Senior Vice President Finance & Company Secretary)

Shilpi Birmiwala (Daughter in law of Senior Vice President Finance & Company Secretary)

Madhu Garg (Daughter of Senior Vice President Finance & Company Secretary)

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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Sumita Kejriwal (Wife of Chief Financial Officer designated up to 31.03.2016)  
Behari Lal Kejriwal (Father of Chief Financial Officer designated up to 31.03.2016)

### Others

Hindusthan Vidyut Products Ltd EPF Trust

The following transactions were carried out with the related parties in the ordinary course of business.  
With parties other than Directors / Key Management personnel

	<b>2016-17</b>	<b>2015-16</b>
	( ₹ )	( ₹ )
<b>Sale of Capital Goods:</b>		
Mody Education Foundation	20,000	50,000
<b>Rent Paid/Payable:</b>		
Promain Limited	2,245,074	3,362,533
Nirmala Bhuwania	1,080,000	1,080,000
Krishan Kumar Birmiwala	237,600	237,600
Shilpi Birmiwala	179,280	179,280
Madhu Garg	126,000	126,000
Sumita Kejriwal	584,400	584,400
Behari Lal Kejriwal	180,000	180,000
Hindusthan Engineering & Industries Ltd	12,000	-
<b>Professional Fee Paid/Payable:</b>		
Raghavendra Anant Mody (From 01.04.2016 to 31.08.2016)	400,000	-
<b>Reimbursement of Expenses Received /Receivable:</b>		
Hindusthan Engineering & Industries Ltd.	871,742	-
<b>Reimbursement of Expenses Paid /Payable:</b>		
Hindusthan Engineering & Industries Ltd.	11,288	-
<b>Provident Fund Deposit (Paid/Payable):</b>		
Hindusthan Vidyut Product Ltd EPF Trust	11,933,913	15,668,224
<b>Interest Paid / Payable:</b>		
Hindusthan Engineering Industries Ltd	47,154,064	57,026,527
<b>Loan - Received:</b>		
Hindusthan Engineering Industries Ltd	74,750,000	105,218,000
<b>CSR Contribution:</b>		
Mody Education Foundation	300,000	1,500,000
<b>Remuneration to Key Managerial Personnel:</b>		
Shyam Sunder Bhuwania	12,000,000	11,988,000
Vivek Dayaram Kohli (w.e.f. 01.04.2016)	10,628,281	-
Anil Kumar Chandani (w.e.f. 01.04.2016)	11,500,000	-
Deepak Kejriwal (up to 31.03.2016)	-	4,031,892
Murari Lal Birmiwala	3,607,155	3,249,684
Subhash Madan (from 01.04.2015 to 29.02.2016)	-	1,190,000
Parag Dadeech (w.e.f. 14.10.2016)	5,425,319	-
Deepak Kumar Ajmera	2,808,970	1,931,958
Neeraj Jain	697,907	475,193



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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	<b>2016-17</b>	<b>2015-16</b>
	( ₹ )	( ₹ )
<b>Salary paid to relative of Key Managerial Personnel:</b>		
Raghavendra Anant Mody	1,749,979	-
Sanchita Mody	4,996,240	4,338,017
<b>Outstanding - Receivable:</b>		
Mody Education Foundation	20,000	50,000
Hindusthan Engineering & Industries Ltd	871,742	-
<b>Outstanding - Payable:</b>		
Hindusthan Engineering & Industries Ltd	928,960	-
<b>Outstanding - Loan taken (including interest):</b>		
Hindusthan Engineering Industries Ltd	898,079,957	781,820,259
<b>Guarantees and collaterals by the group:</b>		
Hindusthan Engineering Industries Ltd	60,723,570	60,723,570
Total effective guarantee as on 31st March, 2017 is Rs 60,723,570/- (Previous year - Rs 60,723,570 /-)		

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**NOTE 31: - SEGMENT REPORTING**

- I) Based on the guiding principles given in Accounting Standard 17 (AS 17) on "Segment Reporting", the group's primary business segments are organized around customers on industry and products lines as under:
- a. **Conductor:** Conductor includes electrical conductor and related items.
  - b. **Insulator:** Insulator includes electrical insulator and related items.
  - c. **Other:** This segment is engaged in power generation, investment activities, & chemicals.
- II) In respect of secondary segment information, the group has identified its geographical segments as:
- a. With in India, and
  - b. Outside India.

Segment information for the year ending 31st March, 2017

<b>Particulars</b>	<b>Conductor</b>	<b>Insulators</b>	<b>Other</b>	<b>Un Allocated</b>	<b>Total</b>
	( ₹ )	( ₹ )	( ₹ )		( ₹ )
<b>Revenue from Operations (Gross)</b>	5,003,336,089	2,227,156,206	167,866,964	-	7,398,359,259
	(5,566,922,643)	(1,916,306,123)	(86,748,775)	-	(7,569,977,541)
<b>Results</b>					
Segment result	110,184,981	166,781,589	7,233,590	-	284,200,160
	(191,512,002)	(121,238,000)	(-2,148,000)	-	(310,602,002)
Interest Income				19,360,276	19,360,276
				(23,849,727)	(23,849,727)
Finance cost				367,425,591	367,425,591
				(339,566,346)	(339,566,346)
Profit / (Loss) before taxation					-63,865,155
					(5,114,617)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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<b>Particulars</b>	<b>Conductor</b> (₹)	<b>Insulators</b> (₹)	<b>Other</b> (₹)	<b>Un Allocated</b>	<b>Total</b> (₹)
<b>Other Information</b>					
Segment assets	3,108,716,899 (3,522,261,494)	2,345,877,038 (2,205,124,278)	1,346,404,033 (1,227,748,687)		6,800,997,970 (6,955,134,460)
Segment liabilities	1,904,210,402 (2,277,451,211)	2,029,892,419 (1,880,591,184)	191,587,569 (94,974,403)		4,125,690,389 (4,253,016,799)
Capital Employed	1,204,506,497 (1,244,810,283)	315,984,620 (324,533,094)	1,154,816,464 (1,132,774,284)		2,675,307,580 (2,702,117,661)
Capital expenditure	65,449,220 (7,335,518)	41,873,065 (80,257,603)	117,560,648 (138,399,198)		224,882,933 (225,992,319)
Depreciation	81,859,370 (67,701,910)	59,698,299 (51,668,966)	18,554,359 (15,741,378)		160,112,028 (135,112,254)

Figures in brackets represents previous year.

**Secondary segments (geographical segments):**

**For the year ended/As at 31st March, 2017**

**a) Revenue from operations by geographical location of customers (Gross)**

	<b>2016-17</b> (₹)	<b>2015-16</b> (₹)
Within India	6,836,477,073	7,053,399,967
Outside India	561,882,186	516,577,574
<b>Total</b>	<b>7,398,359,259</b>	<b>7,569,977,541</b>

**b) Carrying amount of segment assets**

Within India	6,714,702,421	6,779,660,442
Outside India	86,295,549	175,474,018
<b>Total</b>	<b>6,800,997,970</b>	<b>6,955,134,460</b>

**c) Capital expenditure**

Within India	224,882,933	225,992,319
Outside India	-	-
<b>Total</b>	<b>224,882,933</b>	<b>225,992,319</b>

- 1) The group has disclosed business segments as the primary segments.
- 2) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, the organization structure and the internal financial reporting systems.
- 3) The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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**NOTE 32: - Pre-operative expenditure which has been capitalised and carried forward under capital work in progress is as under**

	<b>2016-17</b>	<b>2015-16</b>
	( ₹ )	( ₹ )
Finance costs	15,854,737	15,344,891
Other Expenses	69,794,975	127,204,315
	<b>85,649,712</b>	<b>142,549,206</b>
Add : Brought forward from Previous year	112,413,384	286,783,720
	<b>198,063,096</b>	<b>429,332,926</b>
Less : Capitalised as part of		
Plant & Machinery	5,382,045	157,683,645
Buildings	-	94,223,784
Others	172,612	285,464
Trf to Investment (Site development-Bangalore)	1,792,933	64,726,649
Carried forward under Capital work in progress	<b>190,715,506</b>	<b>112,413,384</b>

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**NOTE 33: - Tax Expenses**

**(A) CURRENT TAX**

Current tax for the Year	-	1,027,000
Add:- For earlier years Short/ (Excess) Provision	-	(6,195,055)
LESS:- MAT Credit entitlement	-	1,027,000
<b>NET CURRENT TAX</b>	<b>-</b>	<b>(6,195,055)</b>

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**(B) DEFERRED TAX LIABILITIES/(ASSETS)**

	<b>Opening As At</b>	<b>Charge/(Credit)</b>	<b>Closing As At</b>
	<b>01.04.2016</b>	<b>During the Year</b>	<b>31.03.2017</b>
Depreciation	252,473,073	59,175,529	311,648,602
Provision for Gratuity / Leave Encashment	(26,272,505)	3,988,874	(22,283,631)
Un Absorbed Depreciation/ Brought forward Losses	1,726,699	(104,338,074)	(102,611,375)
Others	(4,088,399)	(1,134,375)	(5,222,774)
	<b>223,838,868</b>	<b>(42,308,046)</b>	<b>181,530,822</b>

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**NOTE 34: - Details of Specified Bank Notes (SBN) and Other Denomination Notes held and transacted during the period from 09th November, 2016 to 30th December, 2016 as follows**

<b>Particulars</b>	<b>Specified Bank Notes (Old Bank Notes of Rs. 500/- &amp; 1,000/-)</b>	<b>Other Denomination Notes</b>	<b>Total</b>
1) Closing cash in hand as on 08.11.2016	2,578,000	583,274	3,161,274
2) (+) Permitted receipts	-	3,100,033	3,100,033
3) (-) Permitted payments	-	2,883,085	2,883,085
4) (-) Amount deposited in Banks	2,578,000	-	2,578,000
5) Closing cash in hand as on 30.12.2016 (1+2-3-4)	<b>-</b>	<b>800,222</b>	<b>800,222</b>

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**NOTE 35: - Componentisation of fixed assets**

During the year the group has adopted componentisation of fixed assets in pursuance of and in compliance of Schedule II of Companies Act, 2013 and accordingly depreciation expenses for the current year is higher by Rs 2,106,660/-.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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**NOTE 36: - Earning Per Share**

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

		<b>2016-17</b>	<b>2015-16</b>
		( ₹ )	( ₹ )
Profit/ (Loss) attributable to the Equity Shareholders			
Before extra ordinary items	(A)	(22,062,554)	33,265,478
After extra ordinary items		(22,062,554)	(3,067,091)
Basic/weighted average number of equity shares outstanding during the year	(B)	1,442,885	1,442,885
Nominal value of Equity Share (Rs.)		10	10
Basic/Diluted EPS (Rs.)			
On Profit before extra ordinary items		(15.29)	23.05
On Profit after extra ordinary items		(15.29)	(2.13)

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**NOTE 37: - Other Disclosures to Profit and Loss Statement**

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

SUNDRY DEBTORS

For Export	2,808,843	17,704,289
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SUNDRY CREDITORS

For Import	2,051,216	(7,179,761)
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For Foreign Currency Loan	6,831,836	(2,802,191)
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For Machinery	-	-
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	<b>11,691,895</b>	<b>7,722,337</b>
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**(2) PAYMENT TO AUDITORS (including branch auditor)**

- Audit fees	368,250	218,225
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- Out of Pocket Expenses	20,220	36,745
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- Tax Audit	55,000	30,000
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- For Certification work etc	79,000	102,213
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	<b>522,470</b>	<b>387,183</b>
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**(3) AGGREGATE OF PROVISIONS, CONTINGENCIES OR COMMITMENT WRITTEN BACK AS NO LONGER REQUIRED**

Sundry Debtors Credit Balance Written off	9,621,145	-
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Sundry Credit Balance Written off	870,888	1,761,940
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Carriage Inwards/ Outward	-	501,410
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Vat	35,871	-
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Stores, Spares & Packing material	113,002	-
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Liquidated Damages	259,195	-
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Entry Tax	-	295,523
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Provision for Bonus and Others etc.	1,055,597	328,871
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	<b>11,955,697</b>	<b>2,887,744</b>
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

	2016-17 (₹)	2015-16 (₹)
<b>(4) VALUE OF IMPORTS CALCULATED ON C.I.F BASIS</b>		
Raw Material	331,032,375	316,513,098
Components & Spare Parts	1,255,313	5,564,924
Capital Goods	-	8,073,011
<b>(5) EXPENDITURE IN FOREIGN CURRENCY</b>		
Interest / Bank Charges	9,447,154	16,635,434
Commission	4,521,916	10,904,684
Product Development Expenses / Professional fees	13,009,596	-
Others	2,747,328	6,352,300
<b>(6) EARNINGS IN FOREIGN EXCHANGE</b>		
Exports (F.O.B.)	433,784,568	498,243,782
Freight & Insurance on Export	1,963,686	1,370,831
Earning by Sale under Global Tender in India	-	391,391,612
Domestic sales in foreign currency	84,230,715	-
<b>(7) PROPOSED DIVIDEND</b>		
Proposed Dividend on Equity Shares	1,442,885	1,442,885
Distribution Tax on Proposed Equity Dividend	293,737	293,737
	<b>1,736,622</b>	<b>1,736,622</b>

**NOTE 38:** - Previous year figures were audited by another firm of Chartered Accountants.

**NOTE 39:** - Previous year figures are re-grouped or re-arranged wherever required, to make them comparable.

**NOTE 40: - Financial Information of Subsidiary Company**

Additional Information as required under Schedule III to the Companies Act, 2013 of the enterprises consolidated as Subsidiary Company.

Name of entity	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount in Rs	As % of consolidated profit or loss	Amount in Rs
<b>Parent</b>				
Hindusthan Urban Infrastructure Limited *	78.93%	2,111,610,110	74.23%	(16,376,011)
<b>Subsidiaries</b>				
1. Hindusthan Speciality Chemicals Limited	21.05%	563,245,619	25.46%	(5,616,792)
2. Hindusthan Vidyut Products Limited	0.00%	34,896	0.25%	(55,336)
3. Hindusthan Projects Ltd	0.02%	416,957	0.07%	(14,414)
Minority Interest in all subsidiaries	NIL	N/A	NIL	N/A

\* Inter unit profit elimination made for Rs 8,30,068/- between holding and subsidiary companies.

As per our report of even date  
For KN Gutgutia & Co  
Chartered Accountants

For and on behalf of the Board of directors of Hindusthan Urban Infrastructure Ltd

(B R Goyal)  
Partner  
M.No.12172

R.P.Mody  
(DIN No.00140503)  
Chairman

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

Anil Kr. Chandani  
Chief Financial Officer

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

Place: New Delhi  
Date: 15th May 2017

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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**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**

<b>SI No.</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Name of subsidiary</b>	<b>Hindusthan Speciality Chemicals Limited</b>	<b>Hindusthan Vidyut Products Limited</b>	<b>Hindusthan Projects Limited</b>
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	587,520,000	2,794,000	500,000
Reserves & Surplus	(24,274,381)	(2,759,104)	(83,043)
Total Assets	726,787,621	43,521	422,707
Total Liabilities	726,787,621	43,521	422,707
Investment	-	-	-
Turnover	132,158,169	-	-
Profit before taxation	(15,477,315)	(55,336)	(14,414)
Provision for taxation	(9,860,523)	-	-
Profit after taxation	(5,616,792)	(55,336)	(14,414)
Proposed Dividend	-	-	-
% of Shareholding	100%	100%	100%



