



**Hindustan Motors Limited**

Annual Report  
&  
Accounts 2014-2015

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# HINDUSTAN MOTORS LIMITED

## ANNUAL REPORT

### Year Ended March 31, 2015

#### Board of Directors

Shri Pradip Kumar Khaitan (up to 28.05.2014)  
Shri Kranti Sinha (up to 08.05.2014)  
Shri A. Sankaranarayanan  
Shri Raj Kamal Johri  
Shri Sanjay Basu  
Shri Gautam Dutta, IDBI Nominee, (up to 24.10.2014)  
Shri Uttam Bose (Managing Director up to 09.05.2014 and  
Director w.e.f. 10.05.2014)  
Smt. Mou Mukherjee (w.e.f. 30.03.2015)

#### Chief Executive Officer

Shri Moloy Chowdhury (w.e.f. 10.05.2014)

#### Chief Financial Officer and Company Secretary

Shri Yogesh Goenka (up to 09.05.2014)

#### Company Secretary

Shri Tarun Kumar Kabra (w.e.f. 10.05.2014)

#### Chief Financial Officer

Shri Aniruddha Sarkar (w.e.f. 10.05.2014 to 30.10.2014)  
Shri B. C. Mishra (w.e.f. 11.11.2014)

#### Bankers

UCO Bank  
Bank of India  
United Bank of India  
Bank of Baroda  
State Bank of India

#### Statutory Auditors

Messrs. Ray & Ray  
Chartered Accountants

#### Share Transfer Agents

Karvy Computershare Pvt. Limited  
Plot No 31-32, Karvy Selenium, Tower B  
Gachibowli, Financial District  
Nanakramguda  
Hyderabad - 500 032  
Phone : (040) 6716 1500  
Fax : (040) 2342 0814  
E-mail : einward.ris@karvy.com/suresh.d@karvy.com  
Kolkata Office : (033) 6619 2841, 6619 2842

#### Registered Office

'Birla Building', 14th Floor  
9/1, Rajendra Nath Mukherjee Road, Kolkata - 700 001  
Tel : +91 33 2242 0932/3057 3700/3041 0900, Fax : +91 33 2248 0055  
E-mail : hmcosecy@hindmotor.com; Website : www.hindmotor.com  
CIN : L34103WB1942PLC018967

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## Notice to the Members

NOTICE is hereby given that the Seventy-third Annual General Meeting of the Members of HINDUSTAN MOTORS LIMITED will be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700020, on Friday, the 14th August, 2015 at 11.00 AM to transact the following business :-

### AS ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' Report as also the Auditors' Report thereon for the financial year ended 31st March, 2015.
- (2) To appoint a Director in place of Shri A. Sankaranarayanan (DIN-00385632) who retires by rotation and being eligible offers himself for re-appointment.
- (3) To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**, relating to ratification of appointment of the Auditors of the Company:

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

### AS SPECIAL BUSINESS :

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

"RESOLVED THAT Smt. Mou Mukherjee (DIN No.03333993) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th March, 2015 and who holds office up to the date of the forthcoming Annual General Meeting under Section 161 of the Companies Act, 2013 ("the Act") and Article 86 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any modification(s) or re-enactment(s) thereof for the time being in force), Smt. Mou Mukherjee (DIN No.03333993), a Non-executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5(five) consecutive years from 30th March, 2015."

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

"RESOLVED THAT, 20,53,00,000 - 10.25% Secured Non-Convertible Debentures of ₹ 1/- each ("Debentures") issued to lenders pursuant to the Special Resolution approved at the seventy-second Annual General Meeting

of the Company held on 25th September, 2014 be made transferable and the terms of issue of the Debentures be modified accordingly to that extent.

RESOLVED FURTHER THAT the Board of Directors including any Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient or desirable and to settle any question that may arise thereto in order to give effect to the aforesaid resolution."

Registered Office :  
'Birla Building', 14th Floor  
9/1, Rajendra Nath Mukherjee Road  
Kolkata 700 001  
Dated, the 29th May, 2015

By Order of the Board  
For HINDUSTAN MOTORS LTD.

**Tarun Kumar Kabra**  
*Company Secretary*

**NOTES :**

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

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.**

2. Information about the Directors proposed to be appointed /reappointed as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends the appointments/re-appointments of such Directors.
3. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
6. Members who have shareholdings in multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrar and Share Transfer Agents, Karvy Computershare Pvt. Limited, Plot No 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 for consolidation of all such shareholdings into one account to facilitate better service.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 7th August, 2015 to Friday, the 14th August, 2015 (both days inclusive).

8. (a) Members are requested to notify change of address, if any, with PINCODE to the Company or to its Registrar and Share Transfer Agents quoting reference of their folio number and in case their Shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.  
(b) In case the mailing address mentioned in this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
9. A member desirous of getting any information on the accounts or operations of the Company or share related matter is requested to forward his/her query(ies) to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
10. Individual members can now take the facility of making nomination of their holding. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of Shares shall vest in the event of the death of the member and the joint-holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the nomination form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu undivided family, holder of Power of Attorney cannot nominate. For further details in this regard members may contact Karvy Computershare Pvt. Limited, Hyderabad, the Registrar and Share Transfer Agents of the Company.
11. In all correspondence with the Company or with its Registrar and Share Transfer Agents, members are requested to quote their folio number and in case their Shares are held in the dematerialised form, they must quote their Client ID and their DP ID Numbers.
12. The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialised at the earliest.
13. Securities and Exchange Board of India has made it mandatory for every participant in the securities/capital market to furnish income tax Permanent Account Number (PAN). Accordingly, all the members (including joint holders) holding shares in physical form are requested to submit copy of their PAN Card duly attested by the Notary Public/Gazetted Officer/Bank Manager under their official seal stating their full name and address, registration number to the Registrar and Share Transfer Agents, Karvy Computershare Pvt. Limited.
14. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its members through electronic mode to the registered e-mail addresses of members. Keeping in view the underlying theme and the circular issued by MCA, the Company proposes to send all documents to members like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc. to the members through e-mail. Members holding shares in dematerialized form are requested to register their e-mail ID with their Depository Participants and members holding shares in physical form are requested to register their e-mail ID with Registrar and Share Transfer Agents of the Company i.e., Karvy Computershare Pvt. Limited, Plot No 31 - 32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 for sending documents through e-mail.
15. The Notice of the 73rd AGM and instruction for e-voting, along with the Attendance Slip and Proxy Form, is being sent by electronic mode to all the members whose e-mail addresses are registered with the Company/Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the Annual Report 2014-2015 are being sent by permitted mode.
16. Members may also note that the Notice of the 73rd AGM and the Annual Report 2014-2015 will be available on the Company's website, [www.hindmotor.com](http://www.hindmotor.com).

17. The Securities and Exchange Board of India (SEBI) vide its Circular dated 21st March, 2013 has provided that companies making cash payments to their investors shall use approved electronic mode of payment such as ECS, NECS, NEFT etc. To enable usage of electronic payment instruments, companies are required to maintain requisite bank details of their investors. Therefore, members of the Company who hold shares in physical form are requested to submit the following information under their signatures to Registrar and Share Transfer Agents of the Company i.e., Karvy Computershare Pvt. Limited for registering bank details if not already registered earlier:-
- a) Name of the sole/first joint-holder
  - b) Folio Number
  - c) Name of the Bank
  - d) Address of the Bank branch with Pin code
  - e) Bank Account No.
  - f) Type of Bank Account whether saving or current
  - g) MICR Code and
  - h) IFSC Code
18. All relevant documents referred in the Notice and Statement will be available for inspection by the members at the Registered Office of the Company between 10 AM and 12 Noon on any working day of the Company up to the date of the meeting.
19. **Information and other instructions relating to e-voting are as under :**
- (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
  - (ii) The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 73rd AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the AGM but shall not be entitled to cast their vote again at the AGM.  
  
The Company has appointed Shri Anjan Kumar Roy, FCS, a Company Secretary in practice as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
  - (iii) The Company has engaged the services of Karvy Computershare Pvt. Limited ("Karvy") as the Agency to provide e-voting facility.
  - (iv) **Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. August 7, 2015.**
  - (v) **A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. August 7, 2015 only shall be entitled to avail the facility of remote e-voting / voting at the meeting.**

(vi) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. August 7, 2015, may obtain the User ID and password in the manner as mentioned below :

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

Example for NSDL: MYEPWD <SPACE> IN12345612345678

Example for CDSL : MYEPWD <SPACE> 1402345612345678

Example for Physical : MYEPWD <SPACE> XXXX1234567890

b) If e-mail address or mobile number of the member is registered against Folio No. /DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c) Member may call Karvy's toll free number 1-800-3454-001

d) Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com) or [suresh.d@karvy.com](mailto:suresh.d@karvy.com)

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

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

Commencement of remote e-voting: From 9.00 a.m. (IST) on August 10, 2015

End of remote e-voting: Up to 5.00 p.m. (IST) on August 13, 2015

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

(viii) The Scrutinizer shall unblock the data of the remote e-voting after the voting on all resolutions at the venue of the AGM is complete. The Scrutinizer, after scrutinising the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman of the Meeting or any officer authorised by the Chairman in this regard. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.hindmotor.com](http://www.hindmotor.com) and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.

(ix) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. August 14, 2015.

(x) **Instructions and other information relating to remote e-voting :**

A. **In case a member receives an e-mail from Karvy** [for members whose e-mail addresses are registered with the Company/ Depository Participant(s)] :

(a) Launch internet browser by typing the URL:<https://evoting.karvy.com>

(b) Enter the login credentials (i.e. User ID and password) which will be sent separately. The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.

- (c) After entering these details appropriately, click on "LOGIN".
  - (d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
  - (e) You need to login again with the new credentials.
  - (f) On successful login, the system will prompt you to select the E-Voting Event Number for Hindustan Motors Limited.
  - (g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
  - (h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios /demat accounts.
  - (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - (j) You may then cast your vote by selecting an appropriate option and click on "Submit".
  - (k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
  - (l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Power of Attorney /Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID:anjankumarroyco@hotmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."
- B. **In case a member receives physical copy of the Notice by Post** [for members whose e-mail addresses are not registered with the Company/Depository Participant(s)] :
- a) User ID and initial password - These will be sent separately.
  - b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.
- C. **Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.**
- D. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.



## Annexure to the Notice

### Explanatory Statement

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

#### Item No. 4

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161 of the Act and the Articles of Association of the Company, Smt. Mou Mukherjee as an Additional Director of the Company with effect from 30th March, 2015.

In terms of the provisions of Section 161 of the Act, Smt. Mou Mukherjee will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. Mou Mukherjee for the office of Director of the Company.

Smt. Mou Mukherjee is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

The Company has received a declaration from Smt. Mou Mukherjee that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee of Directors has appointed Smt. Mou Mukherjee as Independent Director for five consecutive years with effect from 30th March, 2015 subject to approval of members.

In terms of Section 149 and other applicable provisions of the Act, Smt. Mou Mukherjee being eligible, is proposed for appointment as Independent Director for five consecutive years on the Board of the Company.

In the opinion of the Board, Smt. Mou Mukherjee fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Agreement. Smt. Mou Mukherjee is independent of the management.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that Smt. Mou Mukherjee is appointed as an Independent Director.

The terms and conditions for appointment of Smt. Mou Mukherjee as an Independent Director is available for inspection by members at the Registered Office of the Company.

Except Smt. Mou Mukherjee, none of the Directors, Manager, other Key Managerial Personnel and their relatives are in any way concerned or interested, financial or otherwise, in the aforesaid Resolution.

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

The information as required in terms of Clause 49 of the Listing Agreement is given in Corporate Governance Report annexed to the Directors' Report.

#### Item No. 5

The Company has allotted on 29th September, 2014, 20,53,00,000 - 10.25% Secured Non-Convertible Debentures of ₹ 1/- on private placement basis to the lenders (Banks and Financial Institutions) under Corporate Debt Restructuring (CDR) Package as approved by CDR Empowered Group at its meeting held on 28th June, 2014 towards recompense of interest amount.

As per the terms of the issue the said debentures are non-transferable. ICICI Bank Limited, one of the debenture holders and Monitoring Institution under CDR, vide its letter No.CH/6 dated 7th May, 2015 has requested the Company to make the aforesaid Debentures transferable which requires the approval of the members. The Company proposes to change the terms of the issue of the said Debentures to that extent only and all other terms and conditions of issue of debentures shall remain at par as was approved by the members at their meeting held on 25th September, 2014.

None of the Directors, Manager, other Key Managerial Personnel and their relatives are in any way concerned or interested, financial or otherwise, in the aforesaid Resolution.

The Board recommends the Special Resolutions set out at Item No. 5 of the Notice for approval by the members.

## Directors' Report to the Members

Your Directors present their Seventy-third Annual Report together with audited financial statements of the Company for the year ended March 31, 2015.

### Financial Results/Performance

The figures for the year under review is not comparable with the previous financial year 2013-14 due to the fact that financial year 2013-14 was for a period of six months only, suspension of work at Uttarpara Plant since 24th May, 2014 and divestment of erstwhile Chennai Car Plant effective 30th March, 2014. During the year under review, the Company's revenue was ₹ 16.95 Crores compared to ₹ 225.81 Crores in the previous financial year. The following table gives a summary of the performance.

	(₹ in Crores)	
	<b>2014-15 (12 months)</b>	<i>2013-14 (6 months)</i>
Gross Revenue from Operations	<b>16.95</b>	225.81
Net Revenue from Operations	<b>15.10</b>	182.78
Profit/(Loss) before Exceptional items and Tax	<b>(41.90)</b>	(103.45)
Exceptional items (Income)	–	102.75
Profit / (Loss) before Tax	<b>(41.90)</b>	(0.71)
Tax Expenses	–	2.37
Profit / (Loss) For the Period	<b>(41.90)</b>	(3.07)

The revenue account shows a loss of ₹ 41.90 Crores after providing ₹ 2.10 Crores for depreciation & amortisation expense. There was a deficit of ₹ 152 Crores in the Statement of Profit and Loss in the last year. After considering adjustment of ₹ 7.11 Crores on account of depreciation as per Schedule II of the Companies Act, 2013 and the results of the year under review, there is a deficit of ₹ 201.01 Crores in the Statement of Profit and Loss as at the end of the year.

On 29th September, 2014, the Company allotted 2,38,87,300 Equity Shares of nominal value of ₹ 5/- each at a premium of ₹ 4.44 per Equity Share and 20,53,00,000 10.25% Secured Non-Convertible Debenture of ₹ 1 each to lenders (Banks/Financial Institutions) under Corporate Debt Restructuring (CDR) Package as approved by CDR Empowered Group at its meeting held on 28th June, 2014 towards recompense of interest amount. The shares and debentures were issued on private placement basis. With the allotment of above securities and payment of balance amount of ₹ 6.40 Crores to the lenders, the Company has made full settlement of recompense of interest amount. With this settlement, the Company has exited CDR.

The shareholding of the promoters has decreased from 36.52% to 32.34% on allotment of equity shares as above.

As reported earlier, the Government of West Bengal (GoWB) had alleged that the Company had realized an excess sum of ₹ 194.47 Crores from the sale of 314 acres of land at Hindmotor, West Bengal, in earlier years and it should refund the said amount along with interest thereon. After prolonged discussion with GoWB, the Company has settled the abovesaid demand of Government of West Bengal (GoWB) by assignment in favour of GoWB, the entire 4% non-compete fee receivable by the Company from Bengal Shriram Hitech City Pvt. Ltd. ('BSL') on account of transfer of 314 acres of land to BSL in the year 2006-07 which have been confirmed vide Memorandum dated 29th September, 2014 of GoWB.

The losses during this year were due to low volumes in April and May, 2014 and voluntary retirement scheme expenses post declaration of suspension of work at Uttarpara Plant.

### Review of Operations

As reported earlier that due to low productivity, growing indiscipline, shortage of funds and lack of demand for products, the Company was compelled to declare "Suspension of work" at its Uttarpara Plant with effect from 24th

May, 2014 and the suspension of work is continuing due to no change in the situation. The Company has also declared layoff at its Pithampur Plant with effect from 4th December, 2014 due to lack of orders.

The sales of automobiles during the year under review are 217 compared to 1813 during the previous financial year of six months due to suspension of work at Uttarpara Plant and lay off at Pithampur Plant.

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

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

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

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

#### **Outlook for 2015-16**

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

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

The Company has also approached and is pursuing with the Government of West Bengal to provide all support in its effort to revive the operations of the Company at the Uttarpara Plant.

#### **Board for Industrial and Financial Reconstruction**

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

#### **Delisting of Shares**

As there has been no trading in the equity shares of the Company on The Calcutta Stock Exchange Limited (CSE) for many years, the equity shares of the Company has been delisted from CSE with effect from 25th September, 2014. The delisting of shares from CSE will not affect the interest of the shareholders of the Company in any manner.

#### **Particulars of Loans, Guarantees or Investments**

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

#### **Related Party Transactions**

There are no contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013. The details of other transactions entered into with the Related Parties are given in the note -39 to the Financial Statements.

#### **Deposits**

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

#### **Corporate Social Responsibility Initiatives**

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

**Risks and Concerns and its Management**

The Company is exposed to external risks such as overall demand fluctuations in the market segment in which it operates, reduction in relative market share for its products due to the impact of competition as well as internal risks such as limited product range, variations in operational efficiency and cost structure. The Company is also exposed to financial risks in the form of interest rate variations.

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

**Industrial Relations**

As reported earlier, the Company has declared "Suspension of Work" at its Uttarpara Plant in Hooghly District of West Bengal with effect from 24th May, 2014. Since then, the Company has separated 262 officers of the Company. Further 899 staff and technician grade employees have been separated through Voluntary Retirement Scheme by giving a lump sum amount on such early retirement. At Pithampur Plant, all officers have been separated and the eight staff and technician grade employees have been laid off with effect from 4th December, 2014. The general industrial relations situation at both the plants is very sensitive but being managed. The number of employees as on 31st March, 2015 is 1336.

**Extract of Annual Return**

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

**Meetings of the Board and Audit Committee**

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

**Corporate Governance**

The Company continues to remain committed to high standards of corporate governance. The report on corporate governance as per the requirement of the listing agreement with stock exchanges forms part of this report is annexed as **Annexure-3**. The Company has complied with all the requirements of corporate governance. The certificate from the Auditors of the Company confirming compliance to the conditions of the corporate governance requirements is also annexed.

**Directors' Responsibility Statement**

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

**Information on Remuneration**

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

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

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

**Internal Financial Controls Systems**

The Company has comprehensive and adequate internal financial controls system for all major processes including financial statements to ensure reliability of reporting. The system also helps management to have timely

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

### **Auditors**

At the Seventy-second Annual General Meeting of the Company held on 25th September, 2014, M/S Ray & Ray, Chartered Accountants (FRN 301072E) have been appointed as Statutory Auditors of the Company to hold office for a term of five years from the conclusion of Seventy-second Annual General Meeting of the Company till the conclusion of the Seventy-seventh Annual General Meeting (subject to ratification by shareholders at every Annual General Meeting).

The Company has received consent from M/s Ray & Ray, Chartered Accountants, Auditors of the Company and confirmation regarding their eligibility to continue as Statutory Auditors of the Company.

Your Directors request you to ratify the appointment of M/s Ray & Ray, Chartered Accountants (FRN 301072E) as Statutory Auditors of the Company at the ensuing Seventy-third Annual General Meeting and to fix their remuneration.

The report by Auditors is self-explanatory. Further in view of suspension of work and lay off at plants and preparation of accounts on going concern basis, the Auditors have made some observations under "Emphasis of Matter" appearing in the Auditors' Report which the management has responded in Note-47 and Note-50 to the audited financial statements for the year ended 31st March, 2015.

### **Cost Auditors**

The Company was not required to appoint Cost Auditors for the financial year 2014-15 under the provisions of Section 148 of the Companies Act, 2013 and rules made thereunder. The Company has filed cost audit report for the financial year 2013-14 (six month period) on 25th September, 2014.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs A. K. Labh & Co., a firm of Company Secretaries in Practice (CP No.- 3238) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **Annexure-8**. There are no qualifications or observations or remarks made by Secretarial Auditor in his report.

### **Subsidiary**

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

As per Rule 6 of the Companies (Accounts) Rules, 2014 the Company is exempted from making Consolidated Financial Statements taking into account the financial statements of its only foreign subsidiary Hindustan Motors Limited, USA. However as required salient features of financial statements of Hindustan Motors Limited, USA has been disclosed in **Annexure-9** to this report.

### **Declaration by Independent Directors**

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

### **Directors**

Shri Kranti Sinha and Shri Pradip Kumar Khaitan resigned as Directors of the Company with effect from 9th May,

2014 and 29th May, 2014 respectively. The Board places on record its high appreciation for the valuable services rendered by Shri Kranti Sinha and Shri Pradip Kumar Khaitan during their tenure as Directors of your Company.

The nomination of Shri Gautam Dutta as Director of the Company was withdrawn by IDBI Bank Limited with effect from 25th October, 2014. The Board places on record its high appreciation for the valuable services rendered by Shri Gautam Dutta during his tenure as Director of your Company.

Shri Uttam Bose resigned as Managing Director of the Company with effect from the close of business hours on 9th May, 2014. The Board places on record its high appreciation for the valuable services rendered by Shri Uttam Bose during his tenure as Managing Director of the Company. Shri Uttam Bose was appointed as an Additional Director of the Company with effect from 10th May, 2014. Shri Uttam Bose was appointed as Director of the Company liable to retire by rotation at the Annual General Meeting held on 25th September, 2014.

Shri Sanjay Basu and Shri Raj Kamal Johri were appointed as Independent Directors of the Company at the Annual General Meeting held on 25th September, 2014 till the conclusion of Seventy-seventh Annual General Meeting of the Company.

Smt Mou Mukherjee was appointed as an Additional Director (Woman Director) with effect from 30th March, 2015. Smt Mou Mukherjee was also appointed as Independent Director for a period of five consecutive years with effect from 30th March, 2015 subject to approval of shareholders. Smt Mou Mukherjee holds the office up to the date of the ensuing Annual General Meeting and is eligible for appointment as Independent Director of the Company.

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

Information about the Directors proposed to be appointed/reappointed as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of this Report.

#### **Key Managerial Personnel**

Shri Yogesh Goenka, the Chief Financial Officer and Company Secretary resigned from the services of the Company with effect from the close of business hours on 9th May, 2014.

Shri Moloy Chowdhury has been appointed as Manager of the Company designated as Chief Executive Officer with effect from 10th May, 2014 for a period of two years. The appointment and remuneration of Shri Moloy Chowdhury has been approved by shareholders at the Annual General Meeting held on 25th September, 2014 and also by Central Government.

Shri Tarun Kumar Kabra has been appointed as Company Secretary with effect from 10th May, 2014. Mr. Kabra is also Compliance Officer of the Company with effect from 10th May, 2014.

Shri Aniruddha Sarkar had been appointed as Chief Financial Officer of the Company designated as Chief Financial Officer and Head of Legal with effect from 10th May, 2014. He resigned from the services of the Company with effect from the close of business hours on 30th October, 2014.

Shri Bhikam Chand Mishra has been appointed as Chief Financial Officer of the Company with effect from 11th November, 2014 for a period of two years.

#### **Policy on Appointment of Director and Remuneration**

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

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

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

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

the Companies Act, 2013 and other relevant regulations. The independence of Director is decided as per provisions of the Companies Act, 2013.

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

#### **Board Evaluation**

The Board of Directors evaluated the annual performance of the Board as a whole, its Committees and the Directors individually in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement in the following manner:-

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

A separate meeting of Independent Directors was held on 31st December, 2014 to evaluate the performance evaluation of the Chairman of the meeting of Board of Directors (as there is no Chairman of the Board), the Non-Independent Directors, the Board and flow of information from management.

#### **Vigil Mechanism / Whistle Blower Policy**

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

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

The Company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complaint during the year 2014-15.

#### **Appreciation**

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

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
*Director*

**A. Sankaranarayanan**  
*Director*

## Annexure-1 to the Directors' Report

### Management Discussion & Analysis Report

#### Industry Structure & Development

During the year under review the overall economy registered a GDP growth rate of 7.4% (new series) as per the Economic Survey tabled by the government. The index of industrial production in the year 2014-15 was higher at 2.8% compared to (-) 0.1% in the previous year.

The sale of Passenger Vehicles in the country in the year 2014-15 increased by 3.90% as compared to decline of 6.05% in the immediate preceding year and the sale of Light Commercial Vehicles in the country declined by 11.57% as compared to decline of 17.62% in the immediate preceding year.

The table below summarizes the growth in sale of passenger vehicles and light commercial vehicles :

Domestic Sales – Nos.	12 months ending 31st March, 2014	12 months ending 31st March, 2015	% age Increase
<b>Passenger Vehicles</b>			
Passenger Cars	17,86,826	18,76,017	(+) 4.99
Utility Vehicles	5,25,839	5,53,699	(+) 5.30
Vans	1,90,844	1,71,395	(-) 10.19
<b>Total</b>	<b>25,03,509</b>	<b>26,01,111</b>	<b>(+) 3.90</b>
<b>Light Commercial Vehicles</b>			
Passenger Carriers	42,799	44,816	(+) 4.71
Goods Carriers	3,89,434	3,37,390	(-) 13.36
<b>Total</b>	<b>4,32,233</b>	<b>3,82,206</b>	<b>(-) 11.57</b>

Source : Society of Indian Automobile Manufacturers - Flash Report

Sale of Company's vehicles during the year was 217 numbers compared to 1813 numbers in the previous financial year of six month period. The Company operates in niche segments only. The sale of vehicles was severely affected mainly due to lower demand in its product category, taxes and emerging market demand for higher fuel efficiency in this segment, suspension of work at Uttarpara Plant and lay off at Pithampur Plant. Further migration by government/semi government and institutions to Multi Utility Vehicles and Sports Utility Vehicles also affected the demand for Company's product.

#### Opportunities & Threats

The economy is expected to further improve gradually in the current financial year. The forecast of GDP growth rate for 2015-16 is between 8.1% and 8.5% (new series) as compared to 7.4% (new series) in 2014-15. After couple of challenging years, the year under review started with a positive note with a new government with full majority, declining oil prices and moderation of inflation. The business environment is showing sign of improvement with hope of revival of economy, lowering interest rates, lower fuel prices and improved business sentiment. Sales of passenger vehicles have increased marginally with the improved sentiment and lower fuel prices.

In view of expected revival in the economy and lower fuel prices, demand for passenger vehicles may marginally increase during the year 2015-16. The industry is not expecting any major increase in sales due to withdrawal of excise duty concession and prediction of patchy monsoon. With the continuous introduction of newer models, competition will remain high. However, with the gradual improvement in the economy and expected reduction in the interest rate, demand may increase marginally during the current financial year.



The performance of the Company during the current financial year will be affected due to continuing suspension of work at Uttarpara Plant of the Company. The operating loss of the Company is expected to be lower due to suspension of work, restructuring of work force and reduction in costs in the current financial year. Further as a result of continuous losses incurred, the Company has huge outstanding liabilities which are being met partly with the proceeds of the divestment of Chennai Car Plant.

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

#### **Internal Control Systems**

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

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

The Financial Performance, Outlook for the financial year 2015-16, Risk and Concerns and status on Human Resources/Industrial relations are given in the Directors' Report.

#### **Cautionary Statement**

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

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
*Director*

**A. Sankaranarayanan**  
*Director*

## Annexure-2 to the Directors' Report

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015  
of  
HINDUSTAN MOTORS LIMITED

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

#### I. REGISTRATION AND OTHER DETAILS :

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

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Vehicles	34103	48.63%
2.	Spare Parts of Vehicles	34300	38.72%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

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

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

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	527592	0	527592	0.29	527592	0	527592	0.25	-0.04
(b) Central Govt	0	0	0	0.00	0	0	0	0	0
(c) State Govt (s)	0	0	0	0.00	0	0	0	0	0
(d) Bodies Corp.	66945662	0	66945662	36.23	66945662	0	66945662	32.08	-4.15
(e) Banks / FI	0	0	0	0.00	0	0	0	0	0
(f) Any Other....	0	0	0	0.00	0	0	0	0	0
<b>Sub-total (A) (1)</b>	<b>67473254</b>	<b>0</b>	<b>67473254</b>	<b>36.52</b>	<b>67473254</b>	<b>0</b>	<b>67473254</b>	<b>32.34</b>	<b>-4.18</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	
(c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00	
(e) Any Other....	0	0	0	0.00	0	0	0	0.00	
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>67473254</b>	<b>0</b>	<b>67473254</b>	<b>36.52</b>	<b>67473254</b>	<b>0</b>	<b>67473254</b>	<b>32.34</b>	<b>-4.18</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	0	66450	66450	0.04	0	66450	66450	0.03	-0.01
(b) Banks / FI	17919	3733494	3751413	2.03	22478219	55378	22533597	10.80	8.77
(c) Central Govt	0	0	0	0.00	0	0	0	0.00	
(d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
<b>B. Public Shareholding</b>									
<b>1. Institutions (Contd.)</b>									
(f) Insurance Companies	6005175	14350	6019525	3.26	7432175	14350	7446525	3.57	0.31
(g) FIs	15000	41517	56517	0.03	0	41517	41517	0.02	-0.01
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	
(i) Others(specify)									
<b>Sub-total (B)(1) :-</b>	6038094	3855811	9893905	5.35	29910394	177695	30088089	14.42	9.07
<b>2. Non-Institutions</b>									
(a) Bodies Corp.									
(i) Indian	19335353	230169	19565522	10.59	15511389	227979	15739368	7.54	-3.05
(ii) Overseas	1907180	-	1907180	1.03	-	-	-	-	-1.03
(b) Individuals									
(i) Individual Shareholders holding nominal share capital up to ₹ 1 lakh	57990224	6065011	64055235	34.67	57816585	6003658	63820243	30.59	-4.08
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	18798094	292040	19090134	10.33	28602386	292040	28894426	13.85	3.52
(c) Others (specify)									
(i) NRIs	1281110	228975	1510085	0.82	1156734	228975	1385709	0.66	-0.16
(ii) Clearing Members	279263	0	279263	0.15	230279	0	230279	0.11	-0.04
(iii) Trust	27142	0	27142	0.01	60076	0	60076	0.03	
(iv) Unclaimed Suspense Account (as per Clause 5A of the Listing Agreement)	970273	0	970273	0.53	967849	0	967849	0.46	-0.07
<b>Sub-total (B)(2) :-</b>	100588639	6816195	107404834	58.13	104345298	6752652	111097950	53.24	-4.89
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	106626733	10672006	117298739	63.48	134255692	6930347	141186039	67.66	4.18
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	174099987	10672006	184771993	100.00	201728946	6930347	208659293	100.00	

## HINDUSTAN MOTORS LIMITED

### (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Amer Investments (Delhi) Limited	8790000	4.76	0.00	8790000	4.21	0.00	-0.55
2	Amita Birla	33600	0.02	0.00	33600	0.02	0.00	0.00
3	Bengal Rubber Company Limited	5354950	2.90	0.00	5354950	2.57	0.00	-0.33
4	Birla Brothers Private Limited	1100000	0.60	0.00	1100000	0.53	0.00	-0.07
5	Central India Industries Limited	2778140	1.50	0.00	2778140	1.33	0.00	-0.17
6	Central India Industries Limited	15622460	8.45	0.00	15622460	7.49	0.00	-0.96
7	Chandra Kant Birla	6000	0.00	0.00	6000	0.00	0.00	0.00
8	Gwalior Finance Corporation Limited	670206	0.36	0.00	670206	0.32	0.00	-0.04
9	Hindusthan Discounting Company Limited	3084556	1.67	0.00	3084556	1.48	0.00	-0.19
10	Hitaishi Investments Limited	177496	0.10	0.00	177496	0.09	0.00	-0.01
11	India Silica Magnesite Works Limited	1065000	0.58	0.00	1065000	0.51	0.00	-0.07
12	Jaipur Finance And Dairy Products Pvt. Limited	662000	0.36	0.00	662000	0.32	0.00	-0.04
13	National Bearing Co. (Jaipur) Limited	22612354	12.24	12.24	22612354	10.84	10.84	-1.40
14	National Engineering Industries Limited	905000	0.49	0.49	905000	0.43	0.43	-0.06
15	Nirmala Birla	487992	0.26	0.00	487992	0.23	0.00	-0.03
16	Ranchi Enterprises And Properties Limited	70500	0.04	0.00	70500	0.03	0.00	-0.01
17	Shekhavati Investments And Traders Limited	1248000	0.68	0.00	1248000	0.60	0.00	-0.08
18	Soorya Vanijya And Investment Limited	2805000	1.52	1.49	2805000	1.34	1.32	-0.18
19	Miss Avani Birla	0	0.00	0.00	0	0.00	0.00	0.00
20	Miss Avanti Birla	0	0.00	0.00	0	0.00	0.00	0.00
	<b>Total</b>	<b>67473254</b>	<b>36.52</b>	<b>14.22</b>	<b>67473254</b>	<b>32.34</b>	<b>12.59</b>	<b>-4.18</b>

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	67473254	36.52		
	Date wise Increase/Decrease in Promoters Shareholding during the Year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) :	There is no change in number of shares held by the Promoters, however the percentage of holding has been reduced from 36.52% to 32.34% on 29th September, 2014 due to increase in paid up capital pursuant to allotment of shares to lenders as stated in Directors' Report.			
	At the end of the year			67473254	32.34

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Top 10 shareholders				
1.	<b>Life Insurance Corporation of India</b>				
	a) At the beginning of the year	6005175	3.25		
	b) Changes during the year				
	<b>Date Reason</b>				
	29-09-14 Allotment	1427000	0.68	7432175	3.56
	c) At the end of the year			7432175	3.56
2.	<b>Indianivesh Securities Pvt Ltd (120494000000166)</b>				
	a) At the beginning of the year	5055095	2.74		
	b) Changes during the year				
	<b>Date Reason</b>				
	4-4-14 Buy	35255	0.02	5090350	2.75
	11-4-14 Buy	204000	0.11	5294350	2.87
	18-4-14 Buy	86753	0.05	5381103	2.91
	25-4-14 Buy	174146	0.09	5555249	3.01
	2-5-14 Buy	58400	0.03	5613649	3.04
	9-5-14 Buy	2500	0.00	5616149	3.04
	16-5-14 Buy	58920	0.03	5675069	3.07
	23-5-14 Buy	394244	0.21	6069313	3.28
	30-5-14 Buy	148792	0.08	6218105	3.37
	6-6-14 Buy	24400	0.01	6242505	3.38
	13-6-14 Buy	187132	0.10	6429637	3.48

HINDUSTAN MOTORS LIMITED

Sl. No.	For each of the Top 10 shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>Date</b>	<b>Reason</b>				
	20-6-14	Buy	500	0.00	6430137	3.48
	30-6-14	Sale	-3056223	-1.65	3373914	1.83
	4-7-14	Buy	1325	0.00	3375239	1.83
	11-7-14	Sale	-6368	0.00	3368871	1.82
	18-7-14	Buy	1484	0.00	3370355	1.82
	25-7-14	Sale	-3909	0.00	3366446	1.82
	1-8-14	Buy	4100	0.00	3370546	1.82
	8-8-14	Sale	-2500	0.00	3368046	1.82
	15-8-14	Buy	4100	0.00	3372146	1.83
	22-8-14	Buy	34210	0.02	3406356	1.84
	29-8-14	Buy	2100	0.00	3408456	1.84
	5-9-14	Sale	-339980	-0.18	3068476	1.66
	12-9-14	Sale	-1788127	-0.97	1280349	0.69
	17-9-14	Sale	-25299	-0.01	1255050	0.68
	19-9-14	Sale	-51100	-0.03	1203950	0.65
	30-9-14	Buy	8849	0.00	1212799	0.58
	3-10-14	Buy	400	0.00	1213199	0.58
	10-10-14	Sale	-2299	0.00	1210900	0.58
	17-10-14	Buy	5900	0.00	1216800	0.58
	24-10-14	Buy	2000	0.00	1218800	0.58
	31-10-14	Buy	701	0.00	1219501	0.58
	7-11-14	Buy	6800	0.00	1226301	0.59
	14-11-14	Buy	4700	0.00	1231001	0.59
	21-11-14	Buy	32200	0.02	1263201	0.61
	28-11-14	Buy	39600	0.02	1302801	0.62
	5-12-14	Sale	-40699	-0.02	1262102	0.60
	12-12-14	Sale	-4800	0.00	1257302	0.60
	19-12-14	Sale	-400	0.00	1256902	0.60
	31-12-14	Buy	1385225	0.66	2642127	1.27
	2-1-15	Sale	-448500	-0.21	2193627	1.05
	9-1-15	Buy	2000	0.00	2195627	1.05
	16-1-15	Buy	24900	0.01	2220527	1.06
	23-1-15	Sale	-1000	0.00	2219527	1.06
	6-2-15	Sale	-2000	0.00	2217527	1.06
	13-2-15	Buy	2000	0.00	2219527	1.06
	20-2-15	Buy	100	0.00	2219627	1.06
	27-2-15	Buy	315	0.00	2219942	1.06
	6-3-15	Buy	2101	0.00	2222043	1.06
	13-3-15	Buy	550	0.00	2222593	1.07
	20-3-15	Sale	-1089060	-0.52	1133533	0.54
	31-3-15	Buy	974371	0.47	2107904	1.01
	c) At the end of the year				2107904	1.01

Sl. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	<b>United Commercial Bank A/c Birla Education Trust</b>				
**	a) At the beginning of the year	3678316	1.99		
	b) Changes during the year				
	<b>Date Reason</b>				
	11-7-14 Sale	-3678116	-1.99	200	0.00
	c) At the end of the year			200	0.00
4.	<b>Tilok Chand Chhabra</b>				
	a) At the beginning of the year	1648543	0.89		
	b) Changes during the year				
	<b>Date Reason</b>				
	2-5-14 Buy	137641	0.07	1786184	0.97
	30-5-14 Sale	-136184	-0.07	1650000	0.89
	6-6-14 Buy	30000	0.02	1680000	0.91
	c) At the end of the year			1680000	0.81
5.	<b>Anju Baldi (IN300214 - 13378289)</b>				
**	a) At the beginning of the year	1640668	0.89		
	b) Changes during the year				
	<b>Date Reason</b>				
	4-4-14 Sale	-7631	0.00	1633037	0.88
	11-4-14 Sale	-163128	-0.09	1469909	0.80
	18-4-14 Buy	10027	0.01	1479936	0.80
	2-5-14 Buy	336809	0.18	1816745	0.98
	9-5-14 Buy	22816	0.01	1839561	1.00
	16-5-14 Sale	-266280	-0.14	1573281	0.85
	23-5-14 Sale	-285158	-0.15	1288123	0.70
	30-5-14 Sale	-22130	-0.01	1265993	0.69
	6-6-14 Sale	-128687	-0.07	1137306	0.62
	4-7-14 Sale	-41470	-0.02	1095836	0.59
	11-7-14 Buy	150467	0.08	1246303	0.67
	1-8-14 Buy	109340	0.06	1355643	0.73
	8-8-14 Sale	-22770	-0.01	1332873	0.72
	15-8-14 Buy	146220	0.08	1479093	0.80
	22-8-14 Buy	3225	0.00	1482318	0.80
	30-9-14 Sale	-225000	-0.11	1257318	0.60
	3-10-14 Sale	-1257318	-0.60	0	0.00
	c) At the end of the year			0	0.00



HINDUSTAN MOTORS LIMITED

Sl. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year																																																							
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company																																																						
6. **	<b>Sri Govinddeo Educational Institute</b> a) At the beginning of the year b) Changes during the year c) At the end of the year	1225860	0.66																																																								
		NO CHANGE DURING THE YEAR		1225860	0.59																																																						
7. **	<b>Kotak Mahindra Investments Ltd (IN300214-10671128)</b> a) At the beginning of the year b) Changes during the year <table border="0" style="margin-left: 40px;"> <thead> <tr> <th>Date</th> <th>Reason</th> <th></th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>11-4-14</td> <td>Sale</td> <td>-365709</td> <td>-0.20</td> <td>713881</td> <td>0.39</td> </tr> <tr> <td>9-5-14</td> <td>Buy</td> <td>142121</td> <td>0.08</td> <td>856002</td> <td>0.46</td> </tr> <tr> <td>30-5-14</td> <td>Buy</td> <td>42046</td> <td>0.02</td> <td>898048</td> <td>0.49</td> </tr> <tr> <td>6-6-14</td> <td>Sale</td> <td>-17864</td> <td>-0.01</td> <td>880184</td> <td>0.48</td> </tr> <tr> <td>13-6-14</td> <td>Sale</td> <td>-880184</td> <td>-0.48</td> <td>0</td> <td>0.00</td> </tr> <tr> <td>4-7-14</td> <td>Buy</td> <td>659</td> <td>0.00</td> <td>659</td> <td>0.00</td> </tr> <tr> <td>11-7-14</td> <td>Buy</td> <td>66</td> <td>0.00</td> <td>725</td> <td>0.00</td> </tr> <tr> <td>18-7-14</td> <td>Sale</td> <td>-725</td> <td>0.00</td> <td>0</td> <td>0.00</td> </tr> </tbody> </table>	Date	Reason					11-4-14	Sale	-365709	-0.20	713881	0.39	9-5-14	Buy	142121	0.08	856002	0.46	30-5-14	Buy	42046	0.02	898048	0.49	6-6-14	Sale	-17864	-0.01	880184	0.48	13-6-14	Sale	-880184	-0.48	0	0.00	4-7-14	Buy	659	0.00	659	0.00	11-7-14	Buy	66	0.00	725	0.00	18-7-14	Sale	-725	0.00	0	0.00	1079590	0.58		
Date	Reason																																																										
11-4-14	Sale	-365709	-0.20	713881	0.39																																																						
9-5-14	Buy	142121	0.08	856002	0.46																																																						
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4-7-14	Buy	659	0.00	659	0.00																																																						
11-7-14	Buy	66	0.00	725	0.00																																																						
18-7-14	Sale	-725	0.00	0	0.00																																																						
	c) At the end of the year			0	0.00																																																						
8. **	<b>M/s. R R Bamfield Investments Ltd.</b> a) At the beginning of the year b) Changes during the year <table border="0" style="margin-left: 40px;"> <thead> <tr> <th>Date</th> <th>Reason</th> <th></th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>30-09-14</td> <td>Sale</td> <td>-972180</td> <td>-0.47</td> <td>0</td> <td>0.00</td> </tr> </tbody> </table>	Date	Reason					30-09-14	Sale	-972180	-0.47	0	0.00	972180	0.53																																												
Date	Reason																																																										
30-09-14	Sale	-972180	-0.47	0	0.00																																																						
	c) At the end of the year			0	0.00																																																						
9. **	<b>M/s. Edzer Ltd.</b> a) At the beginning of the year b) Changes during the year <table border="0" style="margin-left: 40px;"> <thead> <tr> <th>Date</th> <th>Reason</th> <th></th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>30-09-14</td> <td>Sale</td> <td>-935000</td> <td>-0.45</td> <td>0</td> <td>0.00</td> </tr> </tbody> </table>	Date	Reason					30-09-14	Sale	-935000	-0.45	0	0.00	935000	0.51																																												
Date	Reason																																																										
30-09-14	Sale	-935000	-0.45	0	0.00																																																						
	c) At the end of the year			0	0.00																																																						

Sl. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10.	<b>Chandar Kala Baldi (1201060500094257)</b>				
**	a) At the beginning of the year	722622	0.39		
	b) Changes during the year				
	<b>Date Reason</b>				
	11-4-14 Buy	34853	0.02	757475	0.41
	23-5-14 Sale	-38305	-0.02	719170	0.39
	30-5-14 Buy	105330	0.06	824500	0.45
	6-6-14 Buy	106500	0.06	931000	0.50
	13-6-14 Buy	1500	0.00	932500	0.50
	30-6-14 Buy	15142	0.01	947642	0.51
	1-8-14 Sale	-39406	-0.02	908236	0.49
	8-8-14 Sale	-24953	-0.01	883283	0.48
	15-8-14 Sale	-858960	-0.46	24323	0.01
	20-8-14 Buy	57834	0.03	82157	0.04
	12-9-14 Buy	15596	0.01	97753	0.05
	17-9-14 Buy	33985	0.02	131738	0.07
	3-10-14 Sale	-32784	-0.02	98954	0.05
	10-10-14 Buy	33183	0.02	132137	0.06
	31-10-14 Buy	19008	0.01	151145	0.07
	7-11-14 Buy	51981	0.02	203126	0.10
	21-11-14 Buy	1463	0.00	204589	0.10
	28-11-14 Buy	9022	0.00	213611	0.10
	19-12-14 Sale	-38600	-0.02	175011	0.08
	31-12-14 Buy	25584	0.01	200595	0.10
	2-1-15 Buy	3903	0.00	204498	0.10
	9-1-15 Buy	138247	0.07	342745	0.16
	16-1-15 Buy	122863	0.06	465608	0.22
	20-2-14 Sale	-138830	-0.07	326778	0.16
	27-2-15 Sale	-52785	-0.03	273993	0.13
	13-3-15 Buy	26104	0.01	300097	0.14
	31-3-15 Buy	55297	0.03	355394	0.17
	c) At the end of the year			355394	0.17
11.	<b>Shiv Narayan Baldi (1204940000170856)</b>				
*	a) At the beginning of the year	0	0.00		
	b) Changes during the year				
	<b>Date Reason</b>				
	30-6-14 Buy	1870781	1.01	1870781	1.01
	11-7-14 Sale	-4000	0.00	1866781	1.01
	12-9-14 Sale	-16530	-0.01	1850251	1.00
	10-10-14 Sale	-600	0.00	1849651	0.89
	21-11-14 Sale	-24000	-0.01	1825651	0.87
	31-12-14 Sale	-40000	-0.02	1785651	0.86
	16-1-15 Sale	-1500	0.00	1784151	0.86
	c) At the end of the year			1784151	0.86

Sl. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
12.	<b>Shiv Narayan Baldi (1204940000103081)</b>				
*	a) At the beginning of the year	0	0.00		
	b) Changes during the year				
	<b>Date Reason</b>				
	12-9-14 Buy	2138997	1.16	2138997	1.16
	19-9-14 Sale	-400000	-0.22	1738997	0.94
	30-9-14 Sale	-925000	-0.44	813997	0.39
	14-11-14 Buy	376341	0.18	1190338	0.57
	2-1-15 Buy	447000	0.21	1637338	0.78
	c) At the end of the year			1637338	0.78
13.	<b>Anju Baldi (IN300214 - 13378463)</b>				
*	a) At the beginning of the year	0	0.00		
	b) Changes during the year				
	<b>Date Reason</b>				
	11-4-14 Buy	176836	0.10	176836	0.10
	18-4-14 Sale	-10027	-0.01	166809	0.09
	16-5-14 Buy	228732	0.12	395541	0.21
	23-5-14 Buy	335158	0.18	730699	0.40
	30-5-14 Buy	22130	0.01	752829	0.41
	6-6-14 Buy	128687	0.07	881516	0.48
	4-7-14 Buy	41470	0.02	922986	0.50
	11-7-14 Sale	-150467	-0.08	772519	0.42
	1-8-14 Sale	-109340	-0.06	663179	0.36
	8-8-14 Buy	22770	0.01	685949	0.37
	15-8-14 Sale	-146220	-0.08	539729	0.29
	22-8-14 Sale	-3225	0.00	536504	0.29
	3-10-14 Buy	1257318	0.60	1793822	0.86
	10-10-14 Buy	225000	0.11	2018822	0.97
	14-11-14 Buy	60000	0.03	2078822	1.00
	21-11-14 Sale	-60400	-0.03	2018422	0.97
	27-2-14 Buy	32820	0.02	2051242	0.98
	13-3-15 Buy	32000	0.02	2083242	1.00
	c) At the end of the year			2083242	1.00
14.	<b>ICICI Bank Limited</b>				
*	a) At the beginning of the year	0	0.00		
	b) Changes during the year				
	<b>Date Reason</b>				
	29-09-14 Allotment	10743600	5.15	10743600	5.15
	c) At the end of the year			10743600	5.15

Sl. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
15.	<b>IDBI Bank Limited</b>				
*	a) At the beginning of the year	0	0.00		
	b) Changes during the year				
	<b>Date Reason</b>				
	29-09-14 Allotment	4448500	2.13	4448500	2.13
	c) At the end of the year			4448500	2.13
16.	<b>IFCI Limited</b>				
*	a) At the beginning of the year	0	0.00		
	b) Changes during the year				
	<b>Date Reason</b>				
	29-09-14 Allotment	3404100	1.63	3404100	1.63
	c) At the end of the year			3404100	1.63
17.	<b>Bank of India</b>				
*	a) At the beginning of the year	0	0.00		
	b) Changes during the year				
	<b>Date Reason</b>				
	29-09-14 Allotment	1495100	0.72	1495100	0.72
	c) At the end of the year			1495100	0.72

\* Not in the list of top ten shareholders as on 01-04-2014. The same has been reflected above since the shareholder was one of the top ten shareholders as on 31-03-2015.

\*\* Ceased to be in the list of top ten shareholders as on 31-03-2015. The same is reflected above since the shareholder was one of the top ten shareholders as on 01-04-2014.

**(v) Shareholding of Directors and Key Managerial Personnel :**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Shri Kranti Sinha, Director (ceased to be a Director w.e.f. 09-05-2014)				
	At the beginning of the year	500	0.00	500	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) :	No Change			
	At the end of the year			500	0.00

HINDUSTAN MOTORS LIMITED

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2.	Shri A. Sankaranarayanan, Director				
	At the beginning of the year	1300	0.00	1300	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) :	No Change			
	At the end of the year			1300	0.00

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	Shri Yogesh Goenka - Chief Financial Officer and Company Secretary (ceased to be Chief Financial Officer and Company Secretary w.e.f. 10-05-2014)				
	At the beginning of the year	600	0.00	600	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) :	No Change			
	At the end of the year			600	0.00

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4.	Shri Bhikam Chand Mishra - Chief Financial Officer (w.e.f. 11-11-2014)				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) :	No Change			
	At the end of the year			1	0.00

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	181801436	229150070*	–	410951506
ii) Interest due but not paid	916544	8638054	–	9554598
iii) Interest accrued but not due	494953161	–	–	494953161
<b>Total (i+ii+iii)</b>	<b>677671141</b>	<b>237788124</b>	<b>–</b>	<b>915459265</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	205300000	–	–	205300000
* Reduction	-644235402	-53468625*	–	-697704027
<b>Net Change</b>	<b>-438935402</b>	<b>-53468625</b>	<b>–</b>	<b>-492404027</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	229186902	179150070	–	408336972
ii) Interest due but not paid	1545	5169429	–	5170974
iii) Interest accrued but not due	9547292	–	–	9547292
<b>Total (i+ii+iii)</b>	<b>238735739</b>	<b>184319499</b>	<b>-</b>	<b>423055238</b>

\*Includes ₹ 500 Lacs relating to Inter Corporate Deposit.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Shri Uttam Bose, Managing Director (ceased to be a Managing Director w.e.f. 10-05-2014)	Shri Moloy Chowdhury, Manager (w.e.f. 10-05-2014)	
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	5557546	4373246	9930792
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	- -	- -	- -
5.	Others, please specify - Contribution to Provident Fund	89806	186348	276154
	<b>Total (A)</b>	<b>5647352</b>	<b>4559594</b>	<b>10206946</b>
	Ceiling as per the Act	Remuneration paid as per Schedule XIII of the Companies Act, 1956	Within the limit as approved by the Central Government	

**B. Remuneration to other Directors :**

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Shri Raj Kamal Johri	Shri Sanjay Basu	Shri Gautam Dutta (ceased to be a Director w.e.f. 25-10-2014)	
1.	Independent Directors <ul style="list-style-type: none"> <li>• Fee for attending board / committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	1,70,000	1,90,000	70,000	4,30,000
	Total (1)	1,70,000	1,90,000	70,000	4,30,000
		Shri A. Sankaranarayanan	Shri Uttam Bose (w.e.f. 10-05-2014)	Shri Pradip Kumar Khaitan (ceased to be a Director w.e.f. 29-05-2014)	
2.	Other Non-Executive Directors <ul style="list-style-type: none"> <li>• Fee for attending board/committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	1,80,000	80,000	20,000	2,80,000
	Total (2)	1,80,000	80,000	20,000	2,80,000
	Total (B)=(1+2)				7,10,000
	Total Managerial Remuneration*				1,09,16,946
	Overall Ceiling as per the Act				

\*Total Managing Remuneration is A+B

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Company Secretary - Shri Tarun Kumar Kabra (w.e.f. 10-05-2014)	CFO and Company Secretary- Shri Yogesh Goenka (ceased to be CFO and Company Secretary w.e.f. 10-05-2014)	CFO and Head Legal- Shri Aniruddha Sarkar (10-5-2014 to 30-10-2014)	CFO - Shri Bhikam Chand Mishra (w.e.f. 11-11-2014)	
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2286472	2245451	1926860	808733	7267516
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	46839	-	-	46839
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify	-	-	-	-	-
5	Others, please specify - Contribution to Provident Fund and Superannuation Fund	51406	38322	54503	19600	163831
	<b>Total</b>	<b>2337878</b>	<b>2330612</b>	<b>1981363</b>	<b>828333</b>	<b>7478186</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :**

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

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
Director

**A. Sankaranarayanan**  
Director



## Annexure-3 to the Directors' Report

### Report on Corporate Governance

#### 1. Company's philosophy on Corporate Governance

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

#### 2. Board of Directors

##### (a) Composition of Board

As on date the Board of Directors have five members and all of them are Non-Executive Directors. The Non-Executive Directors account for 100% of Board's strength against minimum requirement of fifty percent as per Clause 49 of the Listing Agreement. There are three Independent Directors. The Company does not have a regular Non-Executive Chairman and 60% of the Board is comprised of Independent Directors where the minimum requirement is 50% as per Clause 49 of the Listing Agreement. Smt. Mou Mukherjee is Non-Executive Independent Woman Director. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance & law. The composition of Board of Directors as on the date of the report is as follows :-

Name of Directors	Category (As per Listing Agreement)	No. of other Directorships*	No. of other Board Committee(s) of which he is a member **	No. of other Board Committee(s) of which he is a Chairman **
Shri A. Sankaranarayanan	Not Independent - Non-Executive	3	2	-
Shri Raj Kamal Johri	Independent - Non-Executive	-	-	-
Shri Sanjay Basu	Independent - Non-Executive	-	-	-
Shri Uttam Bose	Not Independent - Non-Executive	1	-	-
Smt. Mou Mukherjee	Independent - Non-Executive	-	-	-

\* only public limited companies have been considered.

\*\* includes the membership / chairmanship only of the Audit Committee(s) and the Stakeholders Relationship Committee(s).

Shri Kranti Sinha, Shri Pradip Kumar Khaitan and Shri Gautam Dutta, ceased to be Directors of the Company with effect from 9th May, 2014, 29th May, 2014 and 25th October, 2014 respectively.

Smt. Mou Mukherjee has been appointed as an Additional Director of the Company with effect from 30th March, 2015.

Shri Uttam Bose ceased to be the Managing Director of the Company with effect from the close of business hours on 9th May, 2014 and was appointed as an Additional Director of the Company with effect from 10th May, 2014 and subsequently Shareholders of the Company appointed him Director of the Company at the Annual General Meeting held on 25th September, 2014.

None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company, except Shri Pradip Kumar Khaitan who was Director of the Company up to 28th May, 2014, is a partner of M/s Khaitan & Co./M/s. Khaitan & Co. LLP, the Company's Solicitors and Advocates. There is no inter se relationship between the Directors.

**(b) Board Meetings**

During the financial year ended 31st March, 2015, eight meetings of the Board of Directors were held on 9th May, 2014, 10th May, 2014, 5th August, 2014, 14th August, 2014, 25th September, 2014, 29th September, 2014, 11th November, 2014 and 7th February, 2015. The attendance of the Directors in these meetings was as follows :

Name of the Directors	Board Meetings			Last Annual General Meeting
	Meeting Held	Meeting held during the tenure	Attended	If Attended
Shri Pradip Kumar Khaitan (ceased to be a Director w.e.f. 29-5-2014)	8	2	2	NA
Shri Kranti Sinha (ceased to be a Director w.e.f. 9-5-2014)	8	NIL	NA	NA
Shri A. Sankaranarayanan	8	8	6	Yes
Shri Gautam Dutta (ceased to be a Director w.e.f. 25-10-2014)	8	6	4	No
Shri Raj Kamal Johri	8	8	7	Yes
Shri Sanjay Basu	8	8	7	Yes
Shri Uttam Bose (Managing Director up to 9-5-2014 and Director w.e.f. 10-5-2014)	8	8	7	Yes
Smt. Mou Mukherjee (Became a Director w.e.f. 30-3-2015)	8	NIL	NA	NA

**(c) Shareholding of Non-Executive Directors**

As on 31st March, 2015, number of shares held by Non-Executive Director was as follows:-

Name of Non-Executive Director	No. of Shares held on 31st March, 2015
Shri A. Sankaranarayanan	1300

**3. Audit Committee**

- (a) The Audit Committee of Directors was constituted on 15th May, 1987. The terms of reference of the Audit Committee were amended by the Board of Directors of the Company at its meetings held on 25th January, 2000, 31st August, 2000, 29th January, 2005, 27th April, 2006 and on 9th May, 2014 and covers the matters specified for it under Clause 49 of Listing Agreement as well as in Section 177 of the Companies Act, 2013.

(b) The composition of the Audit Committee as on the date is as follows :

Name	Nature of Directorship	Membership
Smt. Mou Mukherjee	Independent and Non-Executive Director	Chairperson (w.e.f. 28-4-2015)
Shri A. Sankaranarayanan	Not Independent and Non-Executive Director	Member
Shri Raj Kamal Johri	Independent and Non-Executive Director	Member
Shri Sanjay Basu	Independent and Non-Executive Director	Member

- Composition of the Committee is in conformity with Clause 49(III)(A) of the Listing Agreement. Three-fourths of the members of Audit Committee are Independent Directors. All the Members of Audit Committee are financially literate and one Member is having accounting or related financial management expertise.
- Shri Sanjay Basu, the then Chairman of the Audit Committee on the date of Annual General Meeting was present at the Annual General Meeting held on 25th September, 2014 to reply to shareholders' queries.
- The Audit Committee provides an overview on the reporting process of the Company's financial and accounting mechanism and ensures that disclosures in its financial statements are correct, sufficient and credible.
- The Committee reviews the efficacy of the internal control mechanism and monitors the risk management policies adopted by the Company. The Committee also reviews the report furnished by the internal auditor and statutory auditors and ensures that suitable follow up actions are taken. Besides, the Committee also examines accounting, taxation and disclosure aspects of all significant transactions.
- At the invitation of the Committee, the Chief Executive Officer, the Chief Internal Auditor, the Statutory Auditor, the Chief Financial Officer and the Company Secretary who was acting as the Secretary to the Audit Committee also attended the Audit Committee Meetings to answer and clarify the queries raised at the Committee Meetings.

(c) During the financial year ended 31st March, 2015, six Audit Committee Meetings were held on 10th May, 2014, 5th August, 2014, 14th August, 2014, 25th September, 2014, 11th November, 2014 and 7th February, 2015 and the attendance of the Audit Committee Members was as under :-

**Audit Committee Meetings**

Name of the Audit Committee Members	Meeting held	Meeting held during the tenure	Attended
Shri A. Sankaranarayanan	6	6	6
Shri Gautam Dutta (ceased to be a Director w.e.f. 25-10-2014)	6	4	3
Shri Sanjay Basu	6	6	6
Shri Raj Kamal Johri (nominated w.e.f. 25-9-2014)	6	2	2

**4. Nomination and Remuneration Committee**

The Board of Directors of the Company at its meeting held on 14th March, 2003 constituted a Remuneration Committee of Directors mainly for the purpose of recommending the Company's policy on Remuneration Package for the Managing/Executive Directors, reviewing the structure, design and implementation of remuneration policy in respect of such Directors and approving, reviewing and evaluating Employees' Stock Option Plan.

The Remuneration Committee was renamed as “Nomination and Remuneration Committee” and reconstituted by the Board of Directors at its meeting held on 9th May, 2014 for the purpose of recommending the Company’s policy on remuneration package for the Directors, Key Managerial Personnel and other employees. In the said Board Meeting, a revised Role and Scope of the Committee was fixed in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Remuneration Policy is annexed as Annexure-10 to the Directors’ Report.

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

Name	Nature of Directorship	Membership
Shri Sanjay Basu	Independent and Non-Executive Director	Chairman (w.e.f. 9-5-2014)
Shri A. Sankaranarayanan	Not-Independent and Non-Executive Director	Member
Shri Raj Kamal Johri	Independent and Non-Executive Director	Member
Smt. Mou Mukherjee	Independent and Non-Executive Director	Member (w.e.f. 28-4-2015)

All the four Directors are Non-Executive Directors and 75% are Independent and the Chairman of the Committee is also an Independent Director. The Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting to answer the Shareholders’ queries.

The Chief Financial Officer and Company Secretary acted as the Secretary of the Committee till 9th May, 2014. Thereafter, the Company Secretary acted as the Secretary of the Committee.

During the financial year ended 31st March, 2015, five Nomination and Remuneration Committee Meetings were held on 9th May, 2014, 5th August, 2014, 11th November, 2014, 7th February, 2015 and 21st March, 2015 and the attendance of the Nomination and Remuneration Committee Members was as under :-

#### Nomination and Remuneration Committee Meetings

Name of the Nomination and Remuneration Committee Members	Meeting held	Meeting held during the tenure	Attended
Shri A. Sankaranarayanan	5	5	4
Shri Gautam Dutta (ceased to be a Director w.e.f. 25-10-2014)	5	2	–
Shri Raj Kamal Johri	5	5	5
Shri Sanjay Basu	5	5	5

In so far as the Chief Executive Officer is concerned, the Company pays remuneration by way of salary, perquisites and allowances (fixed/variable components) within the range approved by the shareholders and subsequently approved by the Central Government, if required. The ceiling on variable pay, perquisites and allowances is as fixed by the Nomination and Remuneration Committee of Directors.

#### Remuneration paid to Directors during the financial year ended 31st March, 2015

##### Non-Executive Directors

(Amount in ₹)

Name	Sitting fees for attending Committee and Board Meetings
Shri Pradip Kumar Khaitan (ceased to be a Director w.e.f. 29-5-2014)	20,000
Shri A. Sankaranarayanan	1,80,000
Shri Gautam Dutta (nomination withdrawn by IDBI Bank Ltd.on 25-10-2014)	70,000
Shri Raj Kamal Johri	1,70,000
Shri Sanjay Basu	1,90,000
Shri Uttam Bose (appointed w.e.f. 10-5-2014)	80,000

<b>Remuneration of Executive Director</b>	<i>(Amount in ₹)</i>
	Shri Uttam Bose, Managing Director (1-4-2014 to 9-5-2014)
Salary* and allowances	19,45,806
Benefits	11,11,740
Bonuses	25,00,000
Stock Option	-
Contribution to :-	
(i) Superannuation Fund	-
(ii) Provident Fund	89,806
<b>Total</b>	<b>56,47,352</b>

\* does not include Contribution to Gratuity Fund.

Notes:

- a) Apart from making payment of sitting fee for attending the Board/Committee meetings and defraying expenses for attending such meetings and other travelling expenses incurred wholly and exclusively in attending to Company's work, no remuneration in any form is paid to Non-Executive Directors.
- b) M/s Khaitan & Co./M/s. Khaitan & Co. LLP, Solicitors and Advocates of the Company of which Shri Pradip Kumar Khaitan (Director till 28-5-2014) is a Partner renders professional services to the Company upon receipt of fee.
- c) The employment of the Managing Director (till 9-5-2014) and Chief Executive Officer (w.e.f. 10-5-2014) is contractual in nature and is terminable by either side with a notice period of three months or Company paying three months salary (basic) in lieu of such notice.

#### 5. Stakeholders Relationship Committee

The Board of Directors at its meeting held on 9th May, 2014 renamed the Shareholders'/Investors' Grievances Committee as Stakeholders Relationship Committee.

The present composition of the Stakeholders Relationship Committee as on the date of the report is as follows:

<b>Name</b>	<b>Nature of Directorship</b>	<b>Membership</b>
Shri A. Sankaranarayanan	Not-Independent and Non-Executive Director	Chairman
Shri Raj Kamal Johri (w.e.f. 5-8-2014)	Independent and Non-Executive Director	Member
Shri Uttam Bose	Not-Independent and Non-Executive Director	Member

Shri Tarun Kumar Kabra, Company Secretary is designated as the Compliance Officer since 10th May, 2014.

The Committee oversees the performance of Karvy Computershare Pvt. Limited, the Registrar and Share Transfer Agents of the Company and recommends measures to improve the level of investor related services. Though the powers to approve share transfer/share transmission are delegated to the Registrar and Share Transfer Agents, all the share transfer/transmission cases approved by the Registrar are reported to the Committee which also keeps a close watch on disposal status of all complaints/grievances of shareholders. During the period under review, 63 complaints were received by the Company/Registrar and Share Transfer Agents from shareholders and/or through regulatory bodies. All these complaints have been redressed during the period under review. There was no share transfer application pending for registration as on 31st March, 2015.

During the financial year ended 31st March, 2015, two Stakeholders Relationship Committee meetings were held on 11th November, 2014 and 7th February, 2015. The attendance of the Members was as under:-

**Stakeholders Relationship Committee**

Name of the Members	Meeting held	Meeting held during the tenure	Attended
Shri A. Sankaranarayanan	2	2	2
Shri Uttam Bose	2	2	2
Shri Raj Kamal Johri (Became Member since 5-8-2014)	2	2	2

**Complaints received during the financial year ended 31st March, 2015 by the Company and the Registrar and Share Transfer Agents of the Company**

Nature of Complaints	No. of Complaints	
	Received	Attended to
Non-receipt of Dividend Warrants	20	20
Non-receipt of Securities	28	28
Non-receipt of Securities after transfer	2	2
Non-receipt of Stickers	2	2
Non-receipt of Annual Report	11	11
	<b>63</b>	<b>63</b>

**6. Corporate Risk Management Committee**

The Board of Directors of the Company at its meeting held on 28th July, 2006 had constituted a committee known as Corporate Risk Management Committee comprising of the Managing Director and six officers to ensure that risks as identified in the risk assessment and minimization policy of the Company are controlled through a properly defined framework. The said Committee was reconstituted and role and responsibilities have been redefined by the Board of Directors at its meeting held on 25th September, 2014. The said Committee was once again reconstituted by the Board of Directors at its meeting held on 7th February, 2015. The terms of reference of Corporate Risk Management Committee inter alia includes as follows :-

- (a) To continuously identify and prioritize the risks associated with the functioning of the Company;
- (b) To identify risk exposure and adequately monitor and manage the same;
- (c) To develop a well laid down mitigation plan for identified risks with assigned responsibilities to different identified officers;
- (d) To review the efficacy of implementation of mitigation plans;
- (e) To develop an audit mechanism to verify compliance with mitigation plans as a supplement to self-assessment;
- (f) To report to the Board of Directors periodically the followings :-
  - i) An overview of the risk management process;
  - ii) Key observations on the implementation of mitigation plan including deficiencies noticed and corrective actions to be taken;
  - iii) New risks identified and actions taken in relation thereto.

During the period under review, three meetings of such Committee were held on 25th April, 2014, 6th August, 2014 and 6th February, 2015 and the attendance of the Corporate Risk Management Committee Members was as under:-

Name of the Corporate Risk Management Committee Members	Meeting held	Meeting held during the tenure	Attended
Shri Uttam Bose - Chairman	3	3	2
Shri Yogesh Goenka (till 09-05-2014)	3	1	1
Shri Moloy Choudhury	3	3	3
Shri Aniruddha Sarkar (from 06-08-2014 till 30-10-2014)	3	1	1
Shri Raj Kamal Johri (w.e.f. 25-09-2014)	3	1	1
Shri Sanjay Basu (w.e.f. 25-09-2014)	3	1	1
Shri Bhikam Chand Mishra (w.e.f. 07-02-2015)	NA	NA	NA

Chief Internal Auditor of the Company acted as Secretary of the Committee.

#### 7. Meeting of Independent Directors

During the financial year ended 31st March, 2015, the Independent Directors met on 31st December, 2014, inter alia, to:

- Review the performance of Non-Independent Directors and the Board of Directors as a whole;
- Review the performance of the Chairman of the meetings of Board of Directors of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

#### 8. General Body Meetings

Nature of the General Meetings held in the last three years	Date	Venue	If Special Resolution(s) passed
Annual General Meeting	25th September, 2014	Rotary Sadan 94/2, Chowringhee Road Kolkata-700020	Yes
Annual General Meeting	26th December, 2013	Kolkata Ice Skating Rink 78, Syed Amir Ali Avenue Kolkata-700019	No
Court Convened Meeting	23rd September, 2013	-do-	Yes
Annual General Meeting	13th August, 2012	-do-	Yes
Extraordinary General Meeting	7th March, 2012	-do-	Yes

#### Postal Ballot

During the period under review, no resolution was passed through postal ballot in connection with Section 110 of the Companies Act, 2013.

## 9. Disclosures

Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

There were no cases of non-compliance, no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years except as follows:-

The Company had to postpone the declaration of its Audited Financial Results for the financial year 2013-14 (for six month period 1st October, 2013 to 31st March, 2014) in view of the suspension of work at its Uttarpara Plant with effect from 24th May, 2014 since the Company's books of accounts are kept at its Uttarpara Plant. Consequently, the Board Meeting scheduled on 30th May, 2014 for approval of the said Audited Financial Results was postponed and appropriately communicated to the Stock Exchanges. Thereafter, the Audited Financial Results for the said financial year 2013-14 were declared on 5th August, 2014. In view of the said delay in declaring the Audited Financial Results for the financial year 2013-14 under compelling circumstances, Stock Exchanges have levied fine on the Company pursuant to SEBI circular no. CIR/MRD/DSA/31/2013 dated September 30, 2013. The Company has represented before the Stock Exchanges not to impose fine as the situation was beyond the control of the Company. The Company is awaiting the response of the Stock Exchanges.

No personnel has been denied access to the Audit Committee in respect of Whistle Blower Policy and affirmation.

The details of familiarization programme for Independent Directors has been disclosed on the website of the Company [www.hindmotor.com](http://www.hindmotor.com) and web link thereto is <http://www.hindmotor.com/files/Familiarisation-Programme-for-Independent-Directors.pdf>.

The Company has formulated a policy on materiality of related party transaction and also on dealing with related party transaction and the same has been disclosed on the website of the Company [www.hindmotor.com](http://www.hindmotor.com) and web link thereto is <http://www.hindmotor.com/files/Hindustan-Motors-Ltd-Related-Party-Policy.pdf>

The Company complied with all the mandatory requirements and some of the non-mandatory requirements of Clause 49 of Listing Agreement during the period ended 31st March, 2015.

## 10. Means of Communication

Subject	Details
Quarterly results	Published in the newspapers in terms of Clause 41 of the Listing Agreement.
Newspapers wherein results normally published	The Financial Express / Business Standard - Kolkata and Mumbai Dainik Statesman - Kolkata (Bengali Version) - Kolkata Edition
Any website, where displayed	<a href="http://www.hindmotor.com">www.hindmotor.com</a>
Whether it also displays official news released and presentations made to Institutional Investors/Analysts	Yes
Whether MD&A is a part of Annual Report	Yes. The same is as per Annexure 1 to the Directors' Report.



**11. General Shareholder Information**

Annual General Meeting	
Date & time	14th August, 2015 at 11 a.m.
Venue	Rotary Sadan Rotary Children's Welfare Trust 94/2, Chowringhee Road Kolkata - 700 020
Financial Calendar for F.Y. 2014-15 (1st April, 2014 to 31st March, 2015)	a. 1st Quarterly Results - On or before 14th August, 2015
	b. 2nd Quarterly Results - On or before 14th November, 2015
	c. 3rd Quarterly Results - On or before 14th February, 2016
	d. Annual Audited Results - On or before 30th May, 2016
Date of Book closure	7th August, 2015 to 14th August, 2015 (both days inclusive)
Dividend Payment	In view of the deficit in the Statement of Profit and Loss after taking into account the results for the year under review, there did not arise any occasion for the Board of Directors to consider recommending any dividend on the equity shares of the Company.
Listing on Stock Exchanges	National Stock Exchange of India Limited "Exchange Plaza", Plot No. C/1, G-Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Tel : 91-22-2659 8235/36 Fax : 91-22-2659 8237/38
	BSE Limited Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Tel : 91-22-2272 1233/1234 Fax : 91-22-2272 1003
Stock Code	National Stock Exchange of India Ltd. HINDMOTORS BSE Ltd. 500500
ISIN Number	INE253A01025

**Market Price Data**

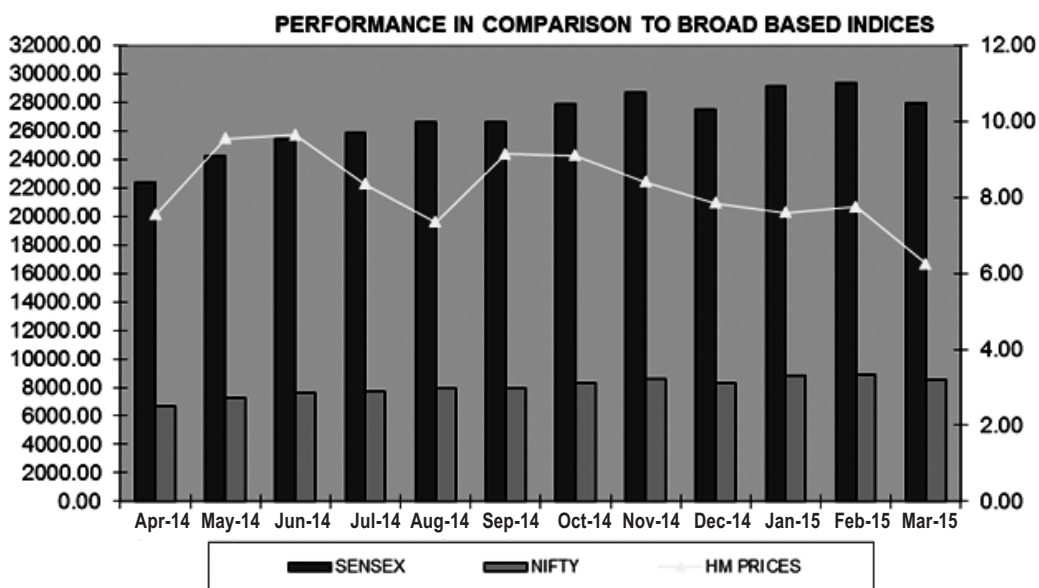
The Company's shares are listed on National Stock Exchange of India Limited and BSE Limited. The monthly high and low quotations of shares traded during the financial year ended 31st March, 2015 are as below :

(Amount in ₹)

Month	NSE		BSE	
	High	Low	High	Low
April - 2014	8.60	7.30	8.65	7.24
May - 2014	13.50	7.35	13.30	7.30
June - 2014	10.90	8.85	10.94	9.00
July - 2014	10.70	8.25	10.62	8.26
August - 2014	8.85	7.25	8.90	7.11
September - 2014	11.80	7.25	11.80	7.26
October - 2014	10.35	8.70	10.28	8.40
November - 2014	9.85	8.10	9.90	8.27
December - 2014	9.10	7.05	9.06	7.00
January - 2015	8.40	7.45	8.39	7.51
February - 2015	8.70	7.00	8.80	7.00
March - 2015	8.25	6.00	7.97	6.00

HM's share price movement in comparison to broad-based indices

A graphical presentation is as follows :



**The Registrar and Share Transfer Agents of the Company**

Karvy Computershare Pvt. Limited  
 Plot No 31-32, Karvy Selenium, Tower B, Gachibowli  
 Financial District, Nanakramguda, Hyderabad - 500 032  
 Phone : (040) 6716 1500  
 Fax : (040) 2342 0814  
 E-mail : einward.ris@karvy.com/suresh.d@karvy.com  
 Kolkata Office: (033) 6619 2841, 6619 2842

**Share Transfer System**

Shares sent for physical transfer, if the documents are clear in all respects, are generally registered within an average time period of not more than 7 days from the date of receipt of the request. The Authorized Officers of the Registrar and Share Transfer Agents meet as often as required. During the year ended 31st March, 2015, 11914 shares in physical form were transferred and the transfer process was completed within an average time period of not more than 7 days from the date of lodgement unless notices were required to be sent to the Registered Owners in certain identified categories of cases.

**The Distribution of Shareholding as on 31st March, 2015**

No. of Shares	Shareholders		Shares	
	Numbers	%	Numbers	%
1 - 500	104848	80.95%	18279837	8.76%
501 - 1000	12663	9.78%	10784158	5.17%
1001 - 2000	5964	4.60%	9352839	4.48%
2001 - 3000	1974	1.52%	5115899	2.45%
3001 - 4000	842	0.65%	3055824	1.46%
4001 - 5000	925	0.71%	4453430	2.14%
5001 - 10000	1241	0.96%	9391482	4.50%
10001 - 20000	564	0.44%	8116045	3.89%
20001 and Above	501	0.39%	140109779	67.15%
<b>TOTAL</b>	<b>129522</b>	<b>100.00%</b>	<b>208659293</b>	<b>100.00%</b>

**Category of Shareholders as on 31st March, 2015**

Sl. No.	Category	No. of holders	% of holders	No. of Shares	% of Shareholding
1.	Promoters	18	0.01	67473254	32.34
2.	Mutual Funds/UTI	16	0.01	66450	0.03
3.	Financial Institutions/ Banks/ Insurance Companies	70	0.05	29980122	14.37
4.	Foreign Institutional Investors	11	0.01	41517	0.02
5.	Private Corporate Bodies	1603	1.24	15739368	7.54
6.	Resident Individuals	126168	97.42	92714669	44.44
7.	NRIs & OCBs	1552	1.20	1385709	0.66
8.	Clearing Members	69	0.05	230279	0.11
9.	Trusts	14	0.01	60076	0.03
10.	Unclaimed Suspense Account	1	0.00	967849	0.46
	<b>TOTAL</b>	<b>129522</b>	<b>100.00</b>	<b>208659293</b>	<b>100.00</b>

**Disclosure of Unclaimed Suspense Account as required under Clause 5A of the Listing Agreement**

Sl. No.	Particulars	Number of shareholders	Number of shares
i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2014	5644	970273
ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	20	2424
iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	20	2424
iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2015	5624	967849

**Dematerialisation of Equity Shares and Liquidity**

During the financial year ended 31st March, 2015, the Company has allotted 2,38,87,300 Equity Shares in dematerialised form on private placement basis and thereby the paid up equity share capital of the Company has been increased to 104.33 crores.

The Company's shares are currently traded only in dematerialised form at two stock exchanges viz. National Stock Exchange of India Limited and BSE Limited. To facilitate trading in dematerialised form, the Company has tied up arrangements with both the present depositories, i.e. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders can open account with any of the depository-participants registered with any of these depositories. As on 31st March, 2015, about 96.68% of the Company's shares were held in dematerialised form.

As on 31st March, 2015, 11800000 Equity Shares of the Company held by Promoters/Promoter Group companies are under lock-in period.

**Plant Locations (Manufacturing Units)**

Address	Items produced
1. Uttarpara Division (UTP) Hindmotor - 712 233 District - Hooghly, West Bengal	Ambassador, Mini Truck - Winner, Auto Components namely Forgings, Castings, Stampings and Spare parts. (Plant is under suspension of work w.e.f. 24th May, 2014)
2. Pithampur Plant Pithampur, Sector III, Sagore - 454 774 District - Dhar, Madhya Pradesh	Mini Truck - Winner and Spare parts. (Plant is under lay off w.e.f. 4th December, 2014)

**CEO Declaration on Code of Conduct**

Reproduced is the text of the declaration made by the Chief Executive Officer confirming compliance of Code of Business Conduct and Ethics by all Directors and Senior Management Executives :-

May 25, 2015

The Board of Directors  
Hindustan Motors Limited  
"Birla Building", 14th Floor  
9/1, R. N. Mukherjee Road  
Kolkata - 700 001

Dear Sir,

I hereby confirm and declare that all the Directors of the Company and all Senior Management Executives as defined in the Code of Business Conduct and Ethics of the Company have submitted annual declarations confirming their compliance of the same.

Thanking you

Yours faithfully

For **Hindustan Motors Limited**

Sd/-

**Moloy Chowdhury**

Chief Executive Officer

**Address for Correspondence :**

- For matters related to shares :
  - Karvy Computershare Pvt. Limited
  - Plot No 31-32, Karvy Selenium, Tower B, Gachibowli
  - Financial District, Nanakramguda, Hyderabad - 500 032
  - Phone : (040) 6716 1500
  - Fax : (040) 2342 0814
  - E-mail : einward.ris@karvy.com/suresh.d@karvy.com
- For queries/assistance on issues other than shares (including those related to financial statements) :
  - Shri Tarun Kumar Kabra
  - Company Secretary
  - Hindustan Motors Ltd
  - "Birla Building", 14th Floor
  - 9/1, R. N. Mukherjee Road, Kolkata - 700 001
  - Telephone No : (033) 2242-0932, Fax No. (033) 2248-0055
  - E-mail : hmcosecy@hindmotor.com
- For share transfer/transmission requests
  - Any of the local branches of Karvy Computershare Pvt. Ltd., a list of which can be available from Karvy's aforesaid address or from the office of the Company Secretary.

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

Name of Director	Shri A. Sankaranarayanan	Smt. Mou Mukherjee
Date of birth	29th July, 1942	9th June, 1968
Date of appointment	8th January, 1997	30th March, 2015
Qualification	B.E. (Mech)	Chartered Accountant, MBA (IIFT)
Nature of expertise in specific functional areas	As an Engineer of high caliber he has expertise in developing and introducing new products, updating existing product range and mix in achieving import substitutions and strengthening the In-house R&D activities.	A professional having wide experience in the field of Finance, Accounts, Taxation, Administration, strategic business development and foreign trade.
Names of directorship in other companies (only public limited companies have been considered)	1 Birlasoft (India) Ltd. 2 Neosym Industry Limited 3 AVTEC Ltd.	-
Names of committees of other companies in which the director is a member.	1 Audit Committee of AVTEC Ltd. 2 Audit Committee of Birlasoft (India) Ltd.	-
No. of shares held in the Company	1300	-
Relationships with other Directors	No	No

The above report was placed before and approved by the Board at its Meeting held on 25th May, 2015.

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
Director

**A. Sankaranarayanan**  
Director

## Auditor's Certificate

To  
The Members of  
**Hindustan Motors Limited**

We have examined the compliance of conditions of Corporate Governance by Hindustan Motors Limited for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

**Asish Kumar Mukhopadhyay**  
*Partner*

Membership No.: 056359

Place : Kolkata  
Date : 25th May, 2015

## Annexure-4 to the Directors' Report

### Directors' Responsibility Statement

The Board of Directors confirms that :

- A. In the preparation of the annual accounts, for the financial year ended 31st March, 2015, all the applicable accounting standards have been followed;
- B. The Directors have adopted such accounting policies and have applied them consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- C. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- D. The Directors have prepared the annual accounts on a going concern basis;
- E. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- F. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
*Director*

**A. Sankaranarayanan**  
*Director*

## Annexure-5 to the Directors' Report

**Information under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2015**

Requirements of Rule 5(1)	Details
(i) The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Shri A. Sankaranarayanan - NA Shri Raj Kamal Johri - NA Shri Sanjay Basu - NA Shri Uttam Bose (ceased to be Managing Director wef 10.05.2014)- 125x Smt. Mou Mukherjee - NA
(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Shri Uttam Bose-Managing Director (ceased to be Managing Director wef 10.05.2014) : 12.46%  Shri Yogesh Goenka - Chief Financial Officer and Company Secretary (ceased to be Chief Financial Officer and Company Secretary wef 10.05.2014) : 1.65%  Shri Moloy Chowdhury - Chief Executive Officer (wef 10.05.2014): NA  Shri Aniruddha Sarkar - Chief Financial Officer and Head Legal (From 10.05.2014 to 30.10.2014): NA  Shri B. C. Mishra - Chief Financial Officer (wef 11.11.2014): NA  Shri Tarun Kumar Kabra - Company Secretary (wef 10.05.2014): NA
(iii) The percentage increase in the median remuneration of employees in the financial year	0.25%
(iv) The number of permanent employees on the rolls of the Company	1336 employees as on 31.03.2015
(v) The explanation on the relationship between average increase in remuneration and Company performance	Average increase in remuneration is 0.93%  The increase in remuneration is effective 1st April, 2014. The increase in remuneration is inclusive of increase in industrial dearness allowance for unionised employees and annual increment given to certain employees.  Increase in industrial dearness allowance is not co-related with Company's performance. Certain employees were given increments based on individual performance to retain their services.
(vi) Comparison of the remuneration of the key managerial personnel against the performance of the Company	The increase in the remuneration of the key managerial personnel is based on individual performance.

Requirements of Rule 5(1)	Details				
(vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year	As on 31.03.2014	As on 31.03.2015	% Change		
	Closing Price as per NSE (₹)	7.20	6.25	-13.19	
	Market Capitalisation (₹ in lac)	13303.58	13041.21	-1.97	
	Price Earning Ratio	-42.35	-2.93	93.08	
	The Company has made rights issue of securities in the year 1993 and thereafter no public issue or rights issue of securities has been made.				
(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average salary increase of non-managerial employees is 0.94% .				
	The increase in the managerial remuneration is as given in (ii) above.				
	There is no exceptional circumstance for increase in the managerial remuneration.				
(ix) Comparison of each remuneration of the key managerial personnel against the performance of the Company	The Company's operations have been under suspension at its main operating plant i.e. Uttarpara Plant since 24th May, 2014. As such the comparison in remuneration and Company performance is not applicable.				
(x) The key parameters for any variable component of remuneration availed by the directors.	Payment of variable component made to Managing Director is against the deliverables based inter alia on individual performance and Company's financial performance.				
(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	The Managing Director (ceased to be Managing Director wef 10.05.2014) was the highest paid Director. No employee of the Company has received remuneration higher than any Director during the year.				
(xii) Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year is as per remuneration policy of the Company.				

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
Director

**A. Sankaranarayanan**  
Director



## Annexure-6 to the Directors' Report

Information under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2015

Employed for a part of the financial year and were in receipt of Gross remuneration in aggregate of not less than ₹ 500000/- p.m.

Name / (Age)	Designation / Nature of Duties / Experience	Gross Remuneration (₹)	Net Remuneration (₹)	Qualification	Date of Commencement of Employment	Particulars of Last Employment. Employer/ Last Post Held / No. of Years - Months.
Bose Uttam (53)	Managing Director ( 29 ) (upto 09.05.2014)	5647352	3997722	B.Tech.(Mech.), MBA	02-04-2012	Hero Motors Ltd. / Group CEO / 01-07
Goenka Y (47)	Chief Financial Officer & Company Secretary (22) (upto 09.05.2014)	2330612	1757731	B.Com, FCMA, FCS, MBM	01-04-1993	None

Gross remuneration includes actual payments and /or taxable value of perquisites and Company's contribution to provident and superannuation funds (excluding gratuity).

Net remuneration is arrived at by deducting from the gross remuneration, income tax, Company's contributions to provident and superannuation funds, and the monetary value of non-cash perquisites wherever applicable.

Nature of employment - Non contractual except Mr. Uttam Bose.

Other terms and conditions are as per rules of the Company.

None of the above employees is related to any of the Directors or Manager of the Company.

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

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
*Director*

**A. Sankaranarayanan**  
*Director*

## Annexure-7 to the Directors' Report

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

#### (a) Conservation of energy

(i) The steps taken or impact on conservation of energy.	<p>a. The Uttarpara Plant of the Company is under suspension of work with effect from 24th May, 2014. The following steps have been taken post suspension of work to conserve energy and reduce electricity expenses.</p> <p>i) Reduction in demand load from 8000KVA to 3000 KVA for the period September, 2014 to December, 2014.</p> <p>ii) Electricity connection was disconnected with effect from 3rd December, 2014 to save the payment of minimum demand charges.</p> <p>b. The Pithampur Plant of the Company was under operation till 3rd December, 2014. During the period the maximum demand has been kept at 375 KVA and power factor has been maintained at 0.96-0.97 resulting in saving in energy cost.</p>
(ii) The steps taken by the Company for utilizing alternate sources of energy.	NIL
(iii) The capital investment on energy conservation equipments.	NIL

#### (b) Technology absorption

(i) The efforts made towards technology absorption	
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	All research and development efforts towards redesign and upgrading of product at Uttarpara Plant were put on hold due to suspension of work
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – (a) the details of technology imported (b) the year of import; (c) whether the technology been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
(iv) The expenditure incurred on Research and Development	₹ 24.74 lacs

**(c) Foreign Exchange Earnings and Outgo –**

(i) Foreign exchange earned	₹ NIL
(ii) Foreign exchange outgo	
a) CIF value of imports	₹ 459.23 lacs
b) Others	₹ 25.88 lacs

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
*Director*

**A. Sankaranarayanan**  
*Director*

## **Annexure-8 to the Directors' Report**

### **SECRETARIAL AUDIT REPORT**

#### **FOR THE FINANCIAL YEAR ENDED 31.03.2015**

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

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives

during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2015 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation ,1992;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;
  - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

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

1. Motor Vehicles Act, 1988 and rules made thereunder;

To the extent of their applicability to the Company during the financial year ended 31.03.2015 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgement and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environments laws, etc.

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the Stock Exchanges.

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

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

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (ii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) Secretarial Standards issued by The Institute of Company Secretaries of India.

**We further report that :**

- (a) 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.
- (b) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- (d) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has :

- (i) issued 20,53,00,000 10.25% Secured Non-Convertible Debentures of ₹ 1 aggregating to ₹ 2,053 Lacs on private placement basis to certain lenders under Corporate Debt Restructuring Package as approved by Corporate Debt Restructuring Empowered Group vide its meeting dated June 28, 2014 against the recompense of interest amount as on 31.03.2014. The relevant documents for creation of charge is yet to be executed;
- (ii) issued 2,38,87,300 Equity Shares of ₹ 5 each fully paid up at ₹ 9.44 each (including a premium of ₹ 4.44) to certain lenders on private placement basis under Corporate Debt Restructuring Package as approved by Corporate Debt Restructuring Empowered Group vide its meeting dated June 28, 2014 against the recompense of interest amount as on 31.03.2014 for an aggregate consideration of not exceeding ₹ 22,54,96,112.

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

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

Place : Kolkata  
Dated : 25th May, 2015

## Annexure-9 to the Directors' Report

### Statement containing salient features of the financial statement of Subsidiary

Name of the subsidiary	Hindustan Motors Limited, USA
1. Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	Same reporting period for the Subsidiary & Holding Company i.e. year ended 31st March, 2015
2. Reporting currency and exchange rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiary.	US \$ 1 US \$ = 62.5908
	(Amount ₹ in Lacs)
3. Share Capital	158.64
4. Reserves & Surplus	-326.05
5. Total Assets	8.73
6. Total Liabilities (Including Share Capital & Reserves & Surplus)	8.73
7. Investments	-
8. Turnover	-
9. Profit before taxation for the year	-
10. Provision for taxation for the year	-
11. Profit after taxation for the year	-
12. Proposed Dividend for the year	-
13. % of shareholding	100

For and on behalf of the Board of Directors

Kolkata  
25th May, 2015

**Uttam Bose**  
Director

**A. Sankaranarayanan**  
Director

**Tarun Kumar Kabra**  
Company Secretary

**Bhikam Chand Mishra**  
Chief Financial Officer

## Annexure-10 to the Directors' Report

### HINDUSTAN MOTORS LIMITED REMUNERATION POLICY

#### 1. INTRODUCTION

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

#### 2. OBJECTIVE AND PURPOSE OF THE POLICY

The objective and purpose of this Policy are :

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

#### 3. GUIDING PRINCIPLES

The Committee while designing the remuneration package should ensure that :

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

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

#### 4. EFFECTIVE DATE

This policy shall be effective from 7th day of February, 2015.

#### 5. DEFINITIONS

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

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

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

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

## 6. APPLICABILITY OF THE POLICY

The Policy is applicable to

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

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

### A General

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



**B Remuneration**

- (i) **Fixed Pay** : The Whole-time Director/Manager/KMP/Senior Management Personnel (hereinafter referred to as the 'Executives') shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- (ii) **Variable Components** : The Committee may, in its discretion, structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable as a variable component is determined by the Committee, based on performance against pre-determined financial and non-financial metrics and shall always be within the limits of the overall guidelines for incentive pay. The Executives participate in a performance linked variable pay scheme which is based on the individual's and Company's performance for the year, pursuant to which Executives may be entitled to get performance-based variable remuneration.
- (iii) **House Rent Allowance** : The Executives shall be entitled to receive house rent allowance, which shall not exceed 60% of the basic salary of the Executive.
- (iv) **Personal Benefits** : The Executives are entitled to number of work-related benefits, including Office Car, telephones (Office and Residence), mobile telephone, broadband at home, club membership, work-related newspapers and magazines. The extent of individual benefits is negotiated with each individual Executive.

The Executives may be covered by the Company's Insurance Policies :

- Accident Insurance
- Health Insurance
- Directors and Officers Liability Insurance

- (v) **Other Annual Emoluments** : The Executives shall receive the following annual emoluments:
  - (a) Medical reimbursement of up to one month's basic salary, in accordance with the Company's policies;
  - (b) Leave Travel Assistance of up to one month's basic salary as per scale formulated in this behalf; and
  - (c) Leave encashment, in accordance with the Company's policies.
- (vi) **Provident Fund/Gratuity Contributions** : Contributions are made in accordance with applicable laws, employment agreements and policies of the Company.
- (vii) **Severance Pay** : There are, in the usual course, no severance fees (routine notice period not considered as severance) or other severance benefits.
- (viii) **Minimum Remuneration** : If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- (ix) **Provisions for Excess Remuneration** : If any Whole-time Director/ Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government wherever applicable.

**8. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR**

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

**9. RESPONSIBILITY OF COMMITTEE**

The Committee is inter alia responsible for :

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

**10. REMOVAL**

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

**11. DEVIATION FROM THE POLICY**

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

**12. AMENDMENT**

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

## INDEPENDENT AUDITOR'S REPORT

To the Members of HINDUSTAN MOTORS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Hindustan Motors Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

### Emphasis of Matters

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

(a) Note 47 in the Notes to the financial statements which indicates that the Company has been incurring losses

and its net worth is fully eroded and it has suspended operations in its Uttarpara Plant and declared layoff in its Pithampur Plant, leading to a material uncertainty about the Company's ability to continue as a going concern, which is dependant on the Company establishing profitable operations for which the Company is making serious efforts. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

- (b) Note 50 regarding our access to hard copies of certain books, records and other source documents as these have been kept at Uttarpara Plant which is under "Suspension of Work". However, we have test checked some of them and tallied them with the records maintained in the system. However, based on the present scale of operations of the company at Uttarpara, the management believes that the impact thereof, if any, is not expected to be material.

Our opinion is not qualified in respect of these matters.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that :
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) The going concern matter described in sub- paragraph(a) and access to hard copies of certain books, records and other source documents described in sub- paragraph (b) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 32 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company except as indicated in Note 10 to the financial statements.

For **RAY & RAY**

*Chartered Accountants*

ICAI Firm Registration Number : 301072E

**Asish Kumar Mukhopadhyay**

*Partner*

Membership No.: 056359

Place : Kolkata

Date : 25th May, 2015

## Annexure to the Auditor's Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the period but there is a regular programme of such verification in a phased manner to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In respect of fixed assets lying with third parties, the management has a process of obtaining periodic confirmations. No material discrepancies were noticed on such verification/confirmations during the period.
- (ii) (a) The management could not be able to conduct physical verification of inventory during the year due to declaration of 'suspension of work' in its Uttarpara Plant and layoff in its Pithampur Plant.
- (b) In view of our comments in Clause (ii) (a) above, we are not in a position to offer our comments on the procedures of physical verification of inventory. In respect of the materials lying with third parties, the management has a process of periodic confirmation and reconciliation with the third parties.
- (c) The Company is maintaining proper records of inventory and in view of our comments in Clause (ii) (a) above, material discrepancies, if any, were not ascertained.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clauses 3(iii)(a) and (b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that substantial portion of the items purchased are of a special nature and alternate sources do not exist for obtaining comparative quotations thereof, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records as specified under Sub-Section (1) of Section 148 of the Companies Act, 2013, related to the manufacture of Vehicles, Spare Parts of Vehicles, Steel Products and Components and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases, except for sales tax and municipal tax where there have been delays in large number of cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, wealth-tax, duty of customs, duty of excise, cess and other undisputed statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable, except for sales tax, value added tax and municipal tax due as mentioned below :

Nature of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Due date	Date of Payment
The Central Sales Tax Act, 1956	CST	347.83	April, 2013 - June, 2014	May, 2013 to July, 2014	Not paid
West Bengal Value Added Tax Act, 2003	VAT	867.14	April, 2013 - June, 2014	May, 2013 to July, 2014	Not paid
The Central Sales Tax Act, 1956	Sales Tax Deferral credit	725.24	June, 2012 to June, 2014	July, 2012 to July, 2014	Not paid
West Bengal Sales Tax Act, 1994	Sales Tax Deferral credit	1446.23	June, 2012 to June, 2014	July, 2012 to July, 2014	Not paid
The West Bengal Municipal Act, 1993	Municipal Tax under Uttarpara Kotrung Municipality	48.28	April 2012 - March, 2014	May, 2012 to April, 2014	Not paid

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

Nature of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Dispute on Account of Classification, Cenvat Credit, Assessable Value, Differential Excise Duty, Input Service Tax Credit, Excise duty on PDI	4038.89	1984-2014	CESTAT, High Court/ Commissioner (Appeals)/ Commissioner/Assistant/ Commissioner of Central Excise/ CESTAT, Joint Commissioner
The Central Sales Tax Act, 1956	Stock Transfer, Non-submission of C/D Forms etc.	686.12	1995-2012	Additional Commissioner of Commercial Taxes/High Court/W.B. Commercial Tax appellate & revision Board/ Deputy Commissioner
Tamil Nadu Sales Tax Act, 1959	Additional Sales tax etc.	5.63	1989-1996	Assistant Commissioner
West Bengal Sales Tax Act, 1994	Non Receipt of Sales tax form, Interest, Penalty, Post Return Adjustment etc.	0.37	2003-2004	WB Commercial tax appellate & revision board
West Bengal Value Added Tax Act, 2003	Disallowance of VAT Credit, enhancement of turnover with wrong calculation and taxed	2463.48	2007-2012	Taxation Tribunal of West Bengal/West Bengal Commercial tax Appellate & Revision Board/Additional Commissioner

HINDUSTAN MOTORS LIMITED

Nature of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
West Bengal Value Added Tax Act, 2003	Provisional assessment for non-filing of returns and non-payment of tax under section 45	3196.35	Jan 2013-June 2013	Additional Commissioner of Sales Tax - Appeal
The Customs Act, 1956	Dispute on account of Classification, Duty on inclusion of Technical Know-how fees on imported goods, import of Engines, Short Levy etc.	28.42	1990-2006	Commissioner/Assistant Commissioner Appeals/ Tribunal
M.P. Commercial Tax Act, 1994	Exemption Notification denied by Commissioner Appeal	12.25	1997-2004	Appellate Board, Bhopal
M.P. VAT Act, 2002	Ex-party Assessment Order	29.77	2011-12	Commercial Tax Officer
The Central Sales Tax Act, 1956	Ex-party Assessment Order	26.64	2011-12	Commercial Tax Officer

- (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except as indicated in Note 10 to the financial statements.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year. In the immediately preceding financial year, the Company has not incurred cash loss.
- (ix) Based on our audit procedures and as per the information and explanations given to us by the management, the Company has overdrawn cash credit borrowings from bank during the year amounting to ₹ 116.84 lacs with an overall delay of less than 90 days and ₹ 514.86 lacs with an overall delay of more than 90 days. There were no overdrawn cash credit borrowings as on the balance sheet date. The Company has outstanding debentures as on the balance sheet date.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For RAY & RAY

Chartered Accountants

ICAI Firm Registration Number : 301072E

Asish Kumar Mukhopadhyay

Partner

Membership No.: 056359

Place : Kolkata

Date : 25th May, 2015

**Balance Sheet as at March 31, 2015**

₹ in lacs

	Notes	As at March 31, 2015	As at March 31, 2014
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>A. SHAREHOLDERS' FUNDS</b>			
Share Capital	2	10441.44	9247.08
Reserves and Surplus	3	(16581.04)	(12740.48)
		<b>(6139.60)</b>	<b>(3493.40)</b>
<b>B. NON-CURRENT LIABILITIES</b>			
Long-Term Borrowings	4	1368.67	-
Deferred Tax Liability (Net)	5	-	-
Other Long-Term Liabilities	6	155.32	442.87
Long-Term Provisions	7	739.99	1400.78
		<b>2263.98</b>	<b>1843.65</b>
<b>C. CURRENT LIABILITIES</b>			
Short-Term Borrowings	8	238.87	1878.40
Trade Payables	9	2516.51	4862.43
Other Current Liabilities	10	8002.25	13461.24
Short-Term Provisions	11	165.21	346.41
		<b>10922.84</b>	<b>20548.48</b>
		<b>7047.22</b>	<b>18898.73</b>
<b><u>ASSETS</u></b>			
<b>D. NON-CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	12	2786.13	3720.35
Intangible Assets	12	145.32	188.32
		<b>2931.45</b>	<b>3908.67</b>
Non-Current Investments	13	13.94	13.94
Long-Term Loans and Advances	14	545.25	590.11
Other Non-Current Assets	15	-	2086.63
		<b>3490.64</b>	<b>6599.35</b>
<b>E. CURRENT ASSETS</b>			
Inventories	16	1054.24	1517.62
Trade Receivables	17	135.54	1816.12
Cash and Bank Balances	18	23.51	89.08
Short-Term Loans and Advances	19	396.74	335.14
Other Current Assets	20	1946.55	8541.42
		<b>3556.58</b>	<b>12299.38</b>
		<b>7047.22</b>	<b>18898.73</b>
<b>Significant Accounting Policies</b>	1.2		

The accompanying notes are an integral part of the financial statements

As per our report of even date.

For Ray & Ray

Chartered Accountants

ICAI Firm Registration Number : 301072E

Asish Kumar Mukhopadhyay

Partner

Membership No.: 056359

Place: Kolkata

Date : May 25, 2015

Tarun Kumar Kabra

Company Secretary

Bhikam Chand Mishra

Chief Financial Officer

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

A. Sankaranarayanan

Director

Uttam Bose

Director



## Statement of Profit and Loss for the year ended March 31, 2015

		₹ in lacs	
	Notes	2014-2015 (12 Months)	2013-2014 (6 Months)
<b>A. INCOME</b>			
Revenue from Operations (Gross)	21	1694.61	22581.37
Less : Excise Duty		184.67	4303.26
Revenue from Operations (Net)		1509.94	18278.11
Other Income	22	588.22	619.05
		<b>2098.16</b>	<b>18897.16</b>
<b>B. EXPENSES</b>			
Cost of Raw Materials and Components Consumed	23	1009.09	11252.14
Purchase of Traded Goods	24	89.12	2464.84
Decrease in Stocks	25	280.13	1219.59
Employee Benefits Expense	26	2771.47	4370.01
Finance Costs	27	782.48	5644.69
Depreciation and Amortisation Expense	28	210.35	844.45
Other Expenses	29	1145.75	3446.88
		<b>6288.39</b>	<b>29242.60</b>
<b>Profit / (Loss) Before Exceptional Items and Tax</b>		<b>(4190.23)</b>	<b>(10345.44)</b>
Add : Exceptional Items	30	-	10274.60
<b>Profit / (Loss) Before Tax</b>		<b>(4190.23)</b>	<b>(70.84)</b>
[including Loss of ₹ Nil (Loss of ₹ 202.79 lacs) for discontinued operations]			
Tax Expenses			
Current Tax		-	236.57
<b>Total Tax Expenses / (Credit)</b>		<b>-</b>	<b>236.57</b>
<b>Profit / (Loss) for the period</b>		<b>(4190.23)</b>	<b>(307.41)</b>
[including Loss of ₹ Nil (Loss of ₹ 202.79 lacs) for discontinued operations]			
Earning per Equity Share (Nominal value of Share ₹ 5)	33		
Basic	₹	(2.13)	(0.17)
Diluted	₹	(2.13)	(0.17)
<b>Significant Accounting Policies</b>	1.2		

The accompanying notes are an integral part of the financial statements

As per our report of even date.

For Ray & Ray

Chartered Accountants

ICAI Firm Registration Number : 301072E

Asish Kumar Mukhopadhyay

Partner

Membership No.: 056359

Place: Kolkata

Date : May 25, 2015

Tarun Kumar Kabra

Company Secretary

Bhikam Chand Mishra

Chief Financial Officer

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

A. Sankaranarayanan

Director

Uttam Bose

Director

## Cash Flow Statement for the year ended March 31, 2015

₹ in lacs

	2014 - 2015 (12 Months)	2013 - 2014 (6 Months)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT / (LOSS) BEFORE TAX	(4190.23)	(70.84)
ADJUSTMENTS FOR :		
Depreciation and amortisation Expense	210.35	844.45
Exceptional Income	-	(10274.60)
Interest Income	(6.85)	(15.55)
Finance Costs	782.48	5644.69
Unspent Liabilities and Provisions no longer required written back	(439.01)	(273.91)
Provision for doubtful debts and advances (Net)	0.98	31.18
Irrecoverable Debts, Claims and Advances written off	12.25	247.34
Unrealised Foreign Exchange Loss (Gain) [Net]	15.41	(136.91)
Net Loss on Fixed Assets Sold/Discarded	(6.60)	47.52
Dividend Income	(1.20)	-
<b>OPERATING (LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>(3622.42)</b>	<b>(3956.63)</b>
<b>Movement in working capital</b>		
Increase/(Decrease) in Other Long-Term Liabilities	(287.55)	(128.30)
Increase/(Decrease) in Trade Payable and Other Current Liabilities	(2723.13)	(2297.27)
Increase/(Decrease) in Long-Term provisions	(138.81)	162.11
Increase/(Decrease) in Short-Term provisions	(643.88)	(7.95)
Decrease/ (Increase) in Trade Receivables	1679.60	(790.57)
Decrease/ (Increase) in Long-Term Loans and Advances and Other Non-Current Assets	2185.94	38.70
Decrease/ (Increase) in Short-Term Loans and Advances and Other Current Assets	6533.28	411.27
Decrease/ (Increase) in Inventories	463.38	4184.60
<b>CASH USED IN OPERATIONS</b>	<b>3446.41</b>	<b>(2384.04)</b>
Add: Current Tax (Paid) / Refund (Net)	(131.00)	(22.21)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>3315.41</b>	<b>(2406.25)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale of Fixed Assets	63.06	222.01
Sale of Chennai Car Plant pursuant to Business Transfer Agreement	-	5115.31
Dividend Received	1.20	-
Proceeds from Sale of Investments	-	3195.14
Interest Received on Fixed Deposits and others	6.62	15.55
Purchase of Fixed Assets	(0.51)	(471.89)
Investment in Fixed Deposits	-	(0.17)
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>70.37</b>	<b>8075.95</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long-Term borrowings	(439.61)	(439.72)
Net Increase / (Decrease) in Intercompany Deposits and others	(1639.53)	(4672.39)
Interest Paid [After adjusting amount from issue of Share Capital - ₹ 2254.96 lacs & Secured NC Debenture - ₹ 2053.00 lacs (Refer Note 46)]	(1372.42)	(893.46)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3451.56)</b>	<b>(6005.57)</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(65.78)</b>	<b>(335.87)</b>
<b>CASH &amp; CASH EQUIVALENTS - BEGINNING OF THE YEAR</b>	<b>78.54</b>	<b>702.45</b>
Less : Cash & Cash Equivalents transferred pursuant to Business Transfer Agreement	-	288.04
<b>CASH &amp; CASH EQUIVALENTS - AT THE END OF THE YEAR</b>	<b>12.76</b>	<b>78.54</b>
Cash and Cash Equivalents as above	12.76	78.54
Other Bank Balances	10.75	10.54
<b>*Cash and Bank Balances as per Note 18.</b>	<b>23.51</b>	<b>89.08</b>

\* Includes ₹ 1.95 lacs (₹ 1.93 lacs) lying in Unpaid Dividend Account and ₹ 10.75 lacs (₹ 10.54 lacs) lying as Margin money deposit having restrictive use.

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

As per our report of even date.

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

**Asish Kumar Mukhopadhyay**  
Partner  
Membership No.: 056359  
Place: Kolkata  
Date : May 25, 2015

**Tarun Kumar Kabra**  
Company Secretary

**Bhikam Chand Mishra**  
Chief Financial Officer

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

**A. Sankaranarayanan**  
Director

**Uttam Bose**  
Director

## Notes to financial statements for the year ended March 31, 2015

### 1.0 Nature of Operation :

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

### 1.1 Basis of Preparation :

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

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

### 1.2 Significant Accounting Policies :

#### (i) Change in Accounting Policy

##### (a) Depreciation on Fixed Assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956 prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. Effective from April 1, 2014, the Company has provided depreciation on fixed assets based on useful lives as provided in Schedule II of the Companies Act, 2013. The management believes that depreciation rates currently used fairly reflected its estimate of the useful lives and residual value of fixed assets.

Further, on application of Schedule II to the Companies Act, 2013, the Company has changed the manner of providing depreciation for its fixed assets.

Based on transitional provision given in Schedule II to the Companies Act, 2013, the carrying value of assets whose useful lives are already exhausted amounting to ₹ 710.93 Lacs has been charged to opening balance of retained earnings. Had there been no change in useful lives of fixed assets, the charge to the Statement of Profit and Loss would have been higher by ₹ 128.95 Lacs. Deferred tax assets has not been created above in absence of virtual certainty.

##### (b) Accounting for additional depreciation on account of revaluation of assets

The Company had revalued its land & buildings at Uttarpara Plant during the year ended March 31, 1984. Till the year ended March 31, 2014, the Guidance Note on Treatment of reserve Created on Revaluation of Fixed Assets issued by the ICAI allowed companies to transfer an amount equivalent to the additional depreciation arising due to upward revaluation of fixed assets from revaluation reserve to the Statement of Profit and Loss. In contrast, Schedule II to the Companies Act, 2013 applicable from the current year, states that depreciable amount of an asset is the cost of an asset or other amount substituted for cost. Hence, in case of revalued assets, depreciation computed on the revalued amount needs to be charged to the Statement of Profit and Loss, without any recoupment from revaluation reserve. Consequently, to comply with the Schedule II requirement, the Company has discontinued the practice of recouping the impact of additional depreciation from revaluation reserve. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014. Had the Company continued its earlier policy of recouping the additional depreciation arising due to upward revaluation of fixed

## Notes to financial statements for the year ended March 31, 2015 (Contd.)

assets from revaluation assets, loss for the current year would have been lower by ₹ 0.01 Lacs. However, the change in accounting policy did not have any impact on reserves and surplus as at March 31, 2015.

**(c) Depreciation on assets costing less than ₹ 5,000/-**

Schedule XIV to the Companies Act, 1956, which was applicable till March 31, 2014, prescribed 100% depreciation on assets costing less than ₹ 5,000/- in the year of purchase whereas Schedule II to the Companies Act 2013, applicable from the current year, does not prescribe the same. The Company has, however, continued its accounting policy for depreciation of assets costing less than ₹ 5,000/- which, did not have any material impact on financial statements of the Company for the current year.

**(ii) Revenue Recognition :**

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

**(iii) Fixed Assets :**

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

**(iv) Foreign Currency Transactions :**

**(a) Initial Recognition :**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign

## Notes to financial statements for the year ended March 31, 2015 (Contd.)

currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

(b) **Conversion :**

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

(c) **Exchange Differences :**

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

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

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

(v) **Depreciation :**

Till March 31, 2014, depreciation on Fixed Assets was provided on Straight Line Method at the rates arrived at on the basis of their useful lives, which were equivalent to the rates specified in Schedule XIV of the Companies Act, 1956, except for vehicles used for Research and Development purpose, which were depreciated @ 20% p.a. which was higher than the rate prescribed under Schedule XIV of the Companies Act, 1956.

Considering the applicability of Schedule II to the Companies Act 2013 :

- (a) Depreciation on fixed assets including revalued assets is provided on Straight Line Method, over the estimated useful lives of the respective assets, as specified in Schedule II of the Companies Act 2013.
- (b) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- (c) Technical Know-how fees included under the head "Intangible Assets" are amortised over the period of respective agreements or over the useful life of 10 years, whichever is lower. Other Intangible Assets are amortised over a period of three to five years on a straight line basis, being their estimated useful lives.
- (d) Depreciation includes the amount amortised in respect of leasehold land over the respective lease period.
- (e) Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the month of addition / disposal.
- (f) In case of impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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**Notes to financial statements for the year ended March 31, 2015** (Contd.)**(vi) Fixed Assets acquired under leases :****(a) Finance Lease :**

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Expenses account.

**(b) Operating Lease :**

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

**(vii) Intangibles :**

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

**(b) Research and Development Costs**

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

**(viii) Investments :**

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

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

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

**(ix) Inventories :**

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

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

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

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

## Notes to financial statements for the year ended March 31, 2015 (Contd.)

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

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

(xi) **Cash & Cash Equivalents :**

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

(xii) **Derivative Instruments :**

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

(xiii) **Retirement & other Employee Benefits :**

(a) **Defined Contribution plans :**

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

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

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

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

(xiv) **Borrowing Costs :**

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

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**Notes to financial statements for the year ended March 31, 2015** (Contd.)**(xv) Provisions :**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

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

**(xvi) Taxation :**

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

(b) Deferred tax is accounted for using the tax rates and laws that have been substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward unabsorbed depreciation and tax losses, all deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

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

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

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

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

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

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



## Notes to financial statements for the year ended March 31, 2015 (Contd.)

(xviii) Product related Warranty Claims :

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

(xix) Contingencies :

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

(xx) Earnings per share :

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

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

(xxi) Use of Estimates :

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

## Notes to financial statements for the year ended March 31, 2015 (Contd.)

	₹ in lacs	
	As at March 31, 2015	As at March 31, 2014
<b>A. SHAREHOLDERS' FUND</b>		
<b>NOTE 2 : SHARE CAPITAL</b>		
<b>Authorised</b>		
33,00,00,000 (33,00,00,000) Equity Shares of ₹ 5 each	16500.00	16500.00
55,00,00,000 (55,00,00,000) Unclassified Shares of ₹ 100 each	5500.00	5500.00
	<u>22000.00</u>	<u>22000.00</u>
<b>Issued</b>		
20,90,76,597 (18,51,89,297) Equity Shares of ₹ 5 each	<u>10453.83</u>	<u>9259.46</u>
<b>Subscribed and Paid-up</b>		
20,86,59,293 (18,47,71,993) Equity Shares of ₹ 5 each fully paid up	10432.96	9238.60
Add : Forfeited Shares (amount originally paid-up)	8.48	8.48
	<u>10441.44</u>	<u>9247.08</u>

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

**Equity Shares - Subscribed and Paid up (Nos.)**

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

**Note :**

Issued, Subscribed & Paid up Capital includes 2,38,87,300 Equity Shares allotted as fully paid up during the year to lenders (Banks/Financial Institutions) under Corporate Debt Restructuring (CDR) package. (Refer Note 46)

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

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

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

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

Name of Shareholders	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
National Bearing Co. (Jaipur) Ltd.	2,26,12,354	10.84%	2,26,12,354	12.24%
Central India Industries Ltd.	1,84,00,600	8.82%	1,84,00,600	9.96%
ICICI Bank Ltd.	1,07,43,600	5.15%	-	-

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

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

	As at March 31, 2015	As at March 31, 2014
₹ in lacs		
<b>A. SHAREHOLDERS' FUND</b>		
<b>NOTE 3 : RESERVES AND SURPLUS</b>		
a) <b>Capital Reserve</b>		
As per last account	3.53	3.53
b) <b>Securities Premium Account</b>		
As per last year	1711.00	1711.00
Add : Received on Issue of Shares	1060.60	-
	<u>2771.60</u>	<u>1711.00</u>
c) <b>Revaluation Reserve</b>		
As per last account	729.82	756.17
Less : Adjusted towards assets sold	-	26.31
Less : Transferred to Depreciation Account	-	0.04
	<u>729.82</u>	<u>729.82</u>
d) <b>Central Subsidy</b>		
As per last account	15.00	15.00
e) <b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
As per last account	(15199.83)	(14892.42)
Add: Adjusted on account of Schedule II of Companies Act, 2013 [Refer Note 1.2 (i)(a)]	(710.93)	-
Add: Profit / (Loss) for the period	(4190.23)	(307.41)
	<u>(20100.99)</u>	<u>(15199.83)</u>
	<u><b>(16581.04)</b></u>	<u><b>(12740.48)</b></u>

**Note :**

In view of the loss for the year as well as accumulated loss, the Company has not created Debenture Redemption Reserve in respect of 10.25% Secured Non-convertible Debentures issued during the year (Refer Note 4).

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

Privately Placed Non-Convertible Debentures

20,53,00,000 (Nil) 10.25% Secured Non-Convertible Debentures of ₹ 1 each	1368.67	-
	<u>1368.67</u>	<u>-</u>

**Note :**

10.25% Debentures of ₹ 2053.00 lacs are redeemable in three equal installments of ₹ 684.33 lacs each along with interest on September 29, 2015, September 29, 2016 & September 29, 2017. These Debentures will be secured by a charge on the assets of Uttarpara Plant. Debenture Trust Deed is yet to be executed.

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

	As at March 31, 2015	As at March 31, 2014
₹ in lacs		
<b>B. NON-CURRENT LIABILITIES</b>		
<b>NOTE 5 : DEFERRED TAX LIABILITY (NET)</b>		
Deferred tax liability arising on account of :		
Timing Difference in Depreciable Assets	451.05	749.82
Deferred tax assets arising on account of :		
Expenses allowable against taxable income in future years	1910.47	1865.52
Unabsorbed depreciation and carried forward business losses	3998.54	3011.39
	<u>5909.01</u>	<u>4876.91</u>
	(5457.96)	(4127.09)
Less : Deferred Tax Asset not recognised (Refer Note below)	<u>5457.96</u>	<u>4127.09</u>
	<u>-</u>	<u>-</u>
In terms of accounting policy (1.2)(xvi)(b) followed by the Company, deferred tax assets of ₹ 5457.96 lacs (₹ 4127.09 lacs) have not been recognised.		
<b>NOTE 6 : OTHER LONG TERM LIABILITIES</b>		
Trade Payables	-	216.21
Amount payable under Voluntarily Retirement Schemes	2.45	61.69
Security and Other Deposits	152.87	164.97
	<u>155.32</u>	<u>442.87</u>
<b>NOTE 7 : LONG-TERM PROVISIONS</b>		
Gratuity (Refer Note 38)	473.80	878.80
Leave Liability (Refer Note 38)	266.19	521.98
	<u>739.99</u>	<u>1400.78</u>
<b>C. CURRENT LIABILITIES</b>		
<b>NOTE 8 : SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
From Banks		
Cash Credits	238.87	458.83
Buyers Credit in foreign currency	-	919.57
	<u>238.87</u>	<u>1378.40</u>
<b>UNSECURED</b>		
Deposits from :		
Body corporate	-	500.00
	-	500.00
<b>TOTAL</b>	<u>238.87</u>	<u>1878.40</u>

Cash Credits facilities from Banks ₹ 238.87 lacs (₹ 458.83 lacs) together with interest and other charges thereon, are secured by a mortgage on a part of the Company's land together with other immovable assets thereon, both present and future, and by way of a hypothecation charge over all the movable assets including book debts of the Company. Cash Credit is repayable on demand and carries interest @ 10.897% to 12.50% p.a. on monthly rest.

The charges referred above rank pari-passu amongst various Banks.

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

	₹ in lacs	
	As at March 31, 2015	As at March 31, 2014
<b>C. CURRENT LIABILITIES</b>		
<b>NOTE 9 : TRADE PAYABLES</b>		
Goods and Services [Including Acceptances ₹ Nil (₹ 1984.41 lacs)] (Refer Note 36 for details of dues to micro and small enterprises)	<u>2516.51</u>	<u>4862.43</u>
<b>NOTE 10 : OTHER CURRENT LIABILITIES</b>		
Current maturities of Long-Term Borrowings :		
Sales Tax Deferral Credit	1791.50	1791.50
Privately Placed Non- Convertible Debenture	684.33	-
Term Loan from		
Banks	-	347.41
Financial Institutions	-	92.20
	<u>        </u>	<u>439.61</u>
Current portion of amount payable under		
Voluntarily Retirement Schemes	67.75	87.50
Interest accrued on borrowings :		
Due	51.71	95.55
Not due	95.47	4949.53
Advance against Sales	-	512.33
Statutory dues payable	2716.71	2363.09
Payable against Purchase of Fixed Assets	53.00	58.30
Forward Contract Payable	-	9.27
Liabilities for Expenses on Employee Benefits	793.04	1790.86
Liabilities for Other Expenses	954.29	856.58
Other Payables	778.06	498.38
Security and Other Deposits	14.44	6.79
Investor Education and Protection Fund *		
Unpaid Dividend	1.95	1.95
	<u>8002.25</u>	<u>13461.24</u>

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

**Note :**

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

	₹ in lacs	
<u>Due date</u>	<u>STDC Amount</u>	<u>Interest on unpaid STDC Amount</u>
Became due in the previous		
period ended March 31, 2014	1471.95	346.36
April, 2014	269.16	29.64
July, 2014	50.39	4.03
	<u>1791.50</u>	<u>380.03</u>

**NOTE 11 : SHORT-TERM PROVISIONS**

Leave Liability (Refer Note 38)	12.16	104.66
Warranties (Refer Note 34)	14.34	43.74
Provision for Taxation [Net of tax deducted at source of ₹ 97.86 lacs (₹ 38.56)]	138.71	198.01
	<u>165.21</u>	<u>346.41</u>

**Notes to financial statements for the year ended March 31, 2015 (Contd.)****NOTE 12 : FIXED ASSETS**

₹ in lacs

Particulars	Tangible Assets							Intangible Assets				
	Freehold Land	Leasehold Land	Buildings (b) & (c)	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software	Technical Know How	Product Development	Total
<b>At Cost or Revalued Amount</b>												
<i>As at September 30, 2013</i>	694.81	17.72	9197.75	32506.64	480.36	791.35	670.97	44359.60	231.31	1793.35	186.69	2211.35
Additions (a)	-	-	2.30	124.22	-	1.96	79.16	207.64	-	-	20.00	20.00
Disposals	34.73	-	4983.57	14877.80	135.21	391.75	331.73	20754.79	65.30	1793.35	-	1858.65
<i>As at March 31, 2014</i>	660.08	17.72	4216.48	17753.06	345.15	401.56	418.40	23812.45	166.01	-	206.69	372.70
Additions	-	-	-	-	-	0.51	-	0.51	-	-	-	-
Disposals	-	-	-	80.89	13.94	24.86	173.75	293.44	-	-	-	-
<i>As at March 31, 2015</i>	660.08	17.72	4216.48	17672.17	331.21	377.21	244.65	23519.52	166.01	-	206.69	372.70
<b>Depreciation</b>												
<i>As at September 30, 2013</i>	-	4.60	5648.42	26713.13	426.10	656.34	393.65	33842.24	155.04	751.01	6.22	912.27
Charge for the period	-	0.09	99.39	407.57	3.30	21.23	51.90	583.48	60.97	179.36	20.67	261.00
Disposals	-	-	2389.43	11335.54	110.83	337.18	160.64	14333.62	58.52	930.37	-	988.89
<i>As at March 31, 2014</i>	-	4.69	3358.38	15785.16	318.57	340.39	284.91	20092.10	157.49	-	26.89	184.38
Adjusted on account of Schedule II of Companies Act 2013. [Refer Note 1.2(1) (a)]	-	-	268.89	401.10	10.80	28.95	1.19	710.93	-	-	-	-
Charge for the period	-	0.19	50.17	78.36	1.48	7.27	29.88	167.35	1.66	-	41.34	43.00
Disposals	-	-	-	76.17	12.52	22.87	125.43	236.99	-	-	-	-
<i>As at March 31, 2015</i>	-	4.88	3677.44	16188.45	318.33	353.74	190.55	20733.39	159.15	-	68.23	227.38
<b>Net Block</b>												
<i>As at March 31, 2014</i>	660.08	13.03	858.10	1967.90	26.58	61.17	133.49	3720.35	8.52	-	179.80	188.32
<i>As at March 31, 2015</i>	660.08	12.84	539.04	1483.72	12.88	23.47	54.10	2786.13	6.86	-	138.46	145.32

**Notes :**

- (a) Includes Capital Expenditure on Scientific Research ₹ Nil (₹ 0.94 Lacs).  
(b) Includes ₹ 4.50 Lacs (₹ 4.50 Lacs) being the value of shares in Co-operative Housing Societies.  
(c) Includes proportionate cost of a part of Building (on leasehold land) and Other Assets amounting to ₹ 0.87 Lacs (₹ 0.87 Lacs) held in Joint Ownership basis with others at Kolkata.  
(d) Land and Buildings at Uttarpara Unit were revalued during the year ended 31 March 1984 and the resulting surplus thereon, was transferred to Revaluation Reserve.

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

				₹ in lacs	
				As at	As at
				March 31, 2015	March 31, 2014
<b>D. NON-CURRENT ASSETS</b>					
				Number of	Face Value
				Shares	Per Share
				₹	
<b>NOTE : 13 NON CURRENT INVESTMENTS</b>					
<b>OTHER THAN TRADE-FULLY PAID (UNQUOTED) (AT COST)</b>					
<b>GOVERNMENT SECURITIES</b>					
12 Year National Planning Certificates				0.02	0.02
12 Year National Defence Certificates				0.02	0.02
National Saving Certificates (Matured but pending encashment)				0.06	0.06
				<u>0.10</u>	<u>0.10</u>
<b>EQUITY SHARES</b>					
Birla Buildings Limited	30000	(30000)	10	3.00	3.00
Pithampur Auto Cluster Limited	50000	(50000)	10	5.00	5.00
Bengal Shriram Hitech City Private Limited	2000	(2000)	10	0.20	0.20
AVTEC Limited	10000	(10000)	10	5.64	5.64
				<u>13.84</u>	<u>13.84</u>
<b>EQUITY SHARES IN SUBSIDIARY COMPANY</b>					
<b>Common Stock</b>					
Hindustan Motors Limited, USA (Incorporated in the State of Delaware, USA)	100000	(100000)	US \$4	163.09	163.09
Less : Diminution in the value of Investment				163.09	163.09
				<u>-</u>	<u>-</u>
				<u>13.94</u>	<u>13.94</u>
<b>NOTE 14 : LONG-TERM LOANS AND ADVANCES</b>					
<b>Unsecured considered good</b>					
Advance against Capital Contracts				-	5.00
Advances Recoverable in cash or in kind or for value to be received or pending adjustments				-	96.64
Advance payment of Income Tax and Refunds Receivable (Net of provisions)				135.07	63.37
Deposits with Government Department and Others				63.41	77.84
Sales tax, VAT and Other Refunds Receivable (Including amount paid under appeal)				346.77	347.26
				<u>545.25</u>	<u>590.11</u>
<b>Unsecured considered doubtful</b>					
Deposits with Government Department and Others				91.39	91.39
Sales tax, VAT and Other Refunds Receivable (Including amount paid under appeal)				55.24	55.09
				<u>146.63</u>	<u>146.48</u>
Less : Provision for Doubtful Loans and Advances				146.63	146.48
				<u>-</u>	<u>-</u>
				<u>545.25</u>	<u>590.11</u>

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

₹ in lacs

	As at March 31, 2015	As at March 31, 2014
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**D. NON-CURRENT ASSETS****NOTE 15 : OTHER NON-CURRENT ASSETS****Unsecured Considered good**

Other Receivables	–	2086.63
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**Unsecured Considered Doubtful**

Insurance & Other Claims	–	413.29
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Export Incentives Receivable	1.51	1.51
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	1.51	414.80
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Less : Provision for Doubtful Claims	1.51	414.80
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	–	–
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	–	2086.63
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**E. CURRENT ASSETS****NOTE 16 : INVENTORIES****At lower of cost and net realisable value**

Stores and Spares	65.29	76.84
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Loose Tools	63.54	73.82
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Raw Materials and Components [Including in transit ₹ Nil (₹ 5.32 lacs)]	418.27	579.69
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Goods under process*	342.90	502.04
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Finished Goods*	61.98	158.07
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Traded Goods [including in transit ₹ Nil (₹ 0.35 lacs)]*	102.26	127.16
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	1054.24	1517.62
--	---------	---------

\* Refer Note 25 for break-up.

**NOTE 17 : TRADE RECEIVABLES****Debts outstanding for a period exceeding six months from the date they are due****Considered good**

Secured	36.52	27.04
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Unsecured	96.00	42.74
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**Considered doubtful - Unsecured**

	21.06	18.59
--	-------	-------

	153.58	88.37
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Less : Provision for Doubtful Trade Receivables	21.06	18.59
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	132.52	69.78
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**Other Debts****Considered good**

Secured	–	16.21
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Unsecured	3.02	1730.13
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	3.02	1746.34
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	135.54	1816.12
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**Notes to financial statements for the year ended March 31, 2015** (Contd.)

	₹ in lacs	
	As at March 31, 2015	As at March 31, 2014
<b>E. CURRENT ASSETS</b>		
<b>NOTE 18 : CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash-on-hand	0.54	2.81
Balances with Banks		
Current Account	8.76	73.80
Unpaid Dividend Account	1.95	1.93
Remittances in transit	1.51	–
	<u>12.22</u>	<u>75.73</u>
	12.76	78.54
<b>Other Bank Balances</b>		
Margin Money Deposits	10.75	10.54
	<u>23.51</u>	<u>89.08</u>
<b>NOTE 19 : SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured considered good</b>		
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	265.45	133.04
Sales tax, VAT and Other refunds receivable	37.55	98.60
Balances with Customs, Port Trust & Other Government Departments	83.79	64.88
Prepaid Expenses	9.95	38.62
	<u>396.74</u>	<u>335.14</u>
<b>Unsecured considered doubtful</b>		
Loan to Hindustan Motors Limited, USA, a Subsidiary Company	107.65	107.65
Advances recoverable in cash or in kind or for value to be received or pending adjustments	51.95	53.59
	<u>159.60</u>	<u>161.24</u>
Less : Provision for Doubtful Loans and Advances	159.60	161.24
	–	–
	<u>396.74</u>	<u>335.14</u>
<b>NOTE 20 : OTHER CURRENT ASSETS</b>		
<b>Unsecured considered good</b>		
Interest accrued on Deposits	0.23	0.22
Other Receivables	1946.32	8541.20
	<u>1946.55</u>	<u>8541.42</u>

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

₹ in lacs

	2014-2015 (12 months)	2013-2014 (6 Months)
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**A. INCOME****NOTE 21 : REVENUE FROM OPERATIONS**

Sale of Products (Including traded)			
Vehicles	824.12		17899.77
Spare Parts of Vehicles	656.17		3882.97
Steel Products and Components	—	1480.29	46.93
Job Work Income		129.03	414.06
Other Operating Revenues		85.29	337.64
		<u>1694.61</u>	<u>22581.37</u>

**Notes :**

- Sales includes excise duty, delivery charges and is after adjusting incentives/ discounts.
- Sales is net off sales return during the current year against sales made in earlier years ₹ 29.42 lacs (₹ 110.49 lacs).
- Traded goods (Vehicles and Spare parts) have been included above.

**NOTE 22 : OTHER INCOME**

Interest on Debts, Deposits, Advances etc.	6.85		15.55
Dividend Income on Non Current Investments (Other than Trade)	1.20		—
Unspent Liabilities and Provisions no longer required written back	439.01		273.91
Net gain / loss on sale of fixed assets	6.60		—
Gain on Exchange Rate Difference (Net)	—		281.51
Other Non-Operating income	134.56		48.08
		<u>588.22</u>	<u>619.05</u>

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

Opening Stock		579.69	3707.14
Add: Purchases		847.67	8388.07
		<u>1427.36</u>	<u>12095.21</u>
Less: Transferred to Other Expenses	—		3.50
Sales	—		0.25
Stock transferred pursuant to Business Transfer Agreement	—		259.63
Closing Stock	418.27	418.27	579.69
		<u>1009.09</u>	<u>11252.14</u>

**Note :** Consumption of Raw Materials and Components includes profit / loss on sale thereof (Refer Note 50)

**DETAILS OF RAW MATERIALS AND COMPONENTS CONSUMED**

Steel Sheets, Plates and Flat Steel	21.04		210.26
Bar, Billets, Channels and Angles	1.26		60.22
Tyres and Tubes	20.04		277.13
Power Units	68.42		1767.42
Other Components and Production Stores (including processing charges) (each being less than 10% of total value of consumption)		898.33	8937.11
		<u>1009.09</u>	<u>11252.14</u>

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

₹ in lacs

	2014-2015 (12 months)		2013-2014 (6 Months)
<b>B. EXPENSES</b>			
<b>NOTE 24 : PURCHASE OF TRADED GOODS</b>			
Spare Parts of Vehicles	89.12		2464.84
	<u>89.12</u>		<u>2464.84</u>
<b>NOTE 25 : DECREASE IN STOCKS</b>			
<b>Closing Stock</b>			
Goods under Process			
Vehicles	267.75		374.56
Steel Products and Components	75.15	342.90	127.48
Finished Goods			
Vehicles	40.67		130.18
Spare Parts of Vehicles	21.31	61.98	27.89
Traded Goods			
Spare Parts of Vehicles		102.26	127.16
		<u>507.14</u>	<u>787.27</u>
<b>Opening Stock</b>			
Goods under Process			
Vehicles	374.56		590.50
Steel Products and Components	127.48	502.04	199.79
Finished Goods			
Vehicles	130.19		1965.16
Spare Parts of Vehicles	27.88		42.59
Steel Products and Components	-	158.07	0.70
Traded Goods			
Spare Parts of Vehicles		127.16	1362.63
		<u>787.27</u>	<u>4161.37</u>
Less: Inventories transferred pursuant to Business Transfer Agreement			
Finished Goods - Vehicles	-		1138.94
Traded Goods - Spare Parts of Vehicles	-	-	974.02
		<u>787.27</u>	<u>2048.41</u>
	<b>280.13</b>		<b>1261.14</b>
Transferred to tangible fixed assets	-		41.55
	<u><b>280.13</b></u>		<u><b>1219.59</b></u>
<b>NOTE 26 : EMPLOYEE BENEFITS EXPENSE</b>			
Salaries, Wages and Bonus	2269.15		3691.40
Contribution to Provident, Gratuity & Other Funds	421.15		496.88
Welfare Expenses	81.17		181.73
	<u>2771.47</u>		<u>4370.01</u>
<b>NOTE 27 : FINANCE COSTS</b>			
Interest Expense	756.52		5551.22
Bank charges and Others	25.96		93.47
	<u>782.48</u>		<u>5644.69</u>

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

₹ in lacs

	2014-2015 (12 months)	2013-2014 (6 Months)
<b>B. EXPENSES</b>		
<b>NOTE 28 : DEPRECIATION AND AMORTISATION EXPENSE</b>		
On Tangible Assets	167.35	583.49
On Intangible Assets	43.00	261.00
	<u>210.35</u>	<u>844.49</u>
Less: Transfer from Revaluation Reserve being Depreciation on revaluation amount of Fixed Assets	-	0.04
	<u><b>210.35</b></u>	<u><b>844.45</b></u>
<b>NOTE 29 : OTHER EXPENSES</b>		
Consumption of Stores and Spares	82.20	290.44
Increase / (Decrease) in Excise duty on Stocks	(18.18)	(82.52)
Fuel and Electricity (Net)	377.44	652.50
Job work charges	-	367.75
Rent and Hire charges	35.77	48.58
Building Repairs	18.10	12.35
Machinery Repairs	1.42	46.55
Insurance	12.01	23.74
Rates and Taxes	108.06	112.07
Royalty	-	31.23
Advertising , Selling expenses and Claims (Net)	9.88	599.68
Delivery Charges, Freight & Transportation	-	28.04
Auditors' Remuneration:		
As auditor		
Audit fee	15.00	25.00
Limited review fee	11.00	5.00
Certification and other services fee	0.95	10.06
Out of pocket expenses	2.96	2.52
In Other capacity		
Tax audit fee	3.50	-
Certification and other services fee	-	0.25
Exchange Rate Difference (Net)	15.41	-
Directors' Travelling	3.43	14.36
Cost Auditors' Remuneration	3.00	2.50
Legal and Professional Service charges	275.55	410.97
Miscellaneous Expenses	175.02	519.77
Provision for Doubtful Debts, Claims and Advances	3.68	38.21
Less: Written back	2.70	7.03
Irrecoverable Debts, Claims and Advances written off	<u>425.54</u>	<u>606.78</u>
Less: Adjusted against provision	413.29	359.44
Net Loss on Fixed Assets sold / discarded	-	47.52
	<u><b>1145.75</b></u>	<u><b>3446.88</b></u>
<b>NOTE 30 : EXCEPTIONAL ITEMS</b>		
Surplus on Sale of Non Current Investments (Other than Trade)	-	1364.32
Surplus on sale of Chennai Car Plant pursuant to Business Transfer Agreement	-	8910.28
	<u>-</u>	<u><b>10274.60</b></u>

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

	₹ in lacs	
	As at March 31, 2015	As at March 31, 2014
31. Estimated amount of contracts remaining to be executed on capital account and other Commitments and not provided for (Net of advances.)	–	0.62
32. Contingent Liabilities not provided for in respect of :		
(a) Claims & Government demands against the Company not acknowledged as debts.		
i) Excise Duty	3094.88	3091.51
ii) Sales Tax	5962.29	7211.85
iii) Customs Duty	373.50	373.50
iv) Service Tax	951.33	911.83
v) Others	1109.24	737.88

The Company does not expect any major impact to arise out of the above claims / demands. Against the above claims / demands, payments have been made under protest and / or debts have been withheld by the respective parties, to the extent of ₹ 379.92 lacs (₹ 384.28 lacs).

Included in the above are contingent liabilities to the extent of ₹ 1187.20 lacs (₹ 1187.20 lacs) relating to the pre-transfer period of the erstwhile Power Unit Plant and Power Products Division of the Company, which were transferred to AVTEC Limited in June 2005, ₹ 502.21 lacs (₹ 514.74 lacs) relating to the pre-transfer period of the erstwhile Earthmoving Equipment Division of the Company, which was transferred to Caterpillar India Private Limited in February 2001 and ₹ 1681.81 lacs (₹ 1526.78 lacs) relating to the pre-transfer period of the erstwhile Chennai Car Plant of the Company, which has been transferred to Hindustan Motor Finance Corporation Limited in March 2014. However, demands to the extent of ₹ 667.29 lacs (₹ 667.29 lacs) in case of erstwhile Power Unit Plant are covered by counter guarantees by the customers.

- (b) Outstanding Bank Guarantees for import of materials and other accounts. 132.60 527.42
- (c) Bonus for the years 1963-64 to 1967-68 at Uttarpara unit is under adjudication (amount indeterminate). The Company contends that no liability exists in this regard under the Payment of Bonus Act, 1965.
- (d) Demands for incremental Dearness Allowance during the years 2001 to 2007 at Uttarpara Unit are under adjudication (amount not ascertained). However, majority of the employees unions have filed joint petition for withdrawal of the case.
- (e) The Government of West Bengal (GoWB) has alleged that the Company has realized an excess sum of ₹ 19447 lacs from the sale of 314 acres of land at Hindmotor, West Bengal in earlier years and it should refund the said amount along with interest thereon. The Company has been legally advised that there is no liability on the Company to make any payment against the alleged demand. Accordingly, the Company had denied and disputed the allegations. However, after prolonged discussion with GoWB, the Company has settled the above demand of Government of West Bengal (GoWB) by assignment in favour of GoWB, the entire 4% non-compete fee receivable in future by the Company from Bengal Shriram Hitech City Pvt. Ltd. ("BSL") on account of transfer of 314 acres of land to BSL in the year 2006-07 which have been confirmed vide Memorandum dated 29th September 2014 of GoWB.

**Notes to financial statements for the year ended March 31, 2015** (Contd.)**33. Earnings per Share (EPS)**

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

₹ in lacs

	<b>2014-15 (12 Months)</b>	<b>2013-14 (6 Months)</b>
Profit/(Loss) after tax as per Statement of Profit & Loss	(4190.23)	(307.41)
Weighted average No. of Equity Shares outstanding during the period	208659293	184771993
Weighted number of potential Equity Shares	208659293	184771993
Nominal value of Shares (₹)	5	5
Basic EPS (₹)	(2.13)	(0.17)
Diluted EPS (₹)	(2.13)	(0.17)

**34. Movement in Provisions for Warranties is as follows :**

₹ in lacs

<i>As at April 01, 2014</i>	<b>Additions</b>	<b>Amount utilised</b>	<b>Amount written back</b>	<b>Less : transferred pursuant to Business Transfer Agreement</b>	<b>As at March 31, 2015</b>
43.74	–	29.40	–	–	14.34
(209.04)	(54.99)	(69.09)	(22.35)	(128.85)	(43.74)

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

₹ in lacs

<b>Sr. No.</b>	<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
(i)	Trade Payable	41.60	1562.55
(ii)	Short Term borrowings - Buyers Credit	–	919.57
(iii)	Trade Receivables	10.52	10.10

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

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

	₹ in lacs	
	<u>2014-15</u> <u>(12 Months)</u>	<u>2013-14</u> <u>(6 Months)</u>
(i) Principal amount remaining unpaid to any supplier at the end of accounting period	292.46	327.31
(ii) Interest due on above	57.67	20.02
<b>Total of (i) &amp; (ii)</b>	<b>350.13</b>	<b>347.33</b>
(iii) Amount of interest paid/ adjusted by the Company to the suppliers	0.41	31.30
(iv) Amounts paid to the suppliers beyond the respective due date	90.08	473.19
(v) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	-	-
(vi) Amount of interest accrued and remaining unpaid at the end of accounting period	566.88	448.76
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	-	-

37. Details of Research Costs :

Particulars	₹ in lacs			
	Capital Expenditure		Revenue Expenditure	
	2014-15 (12 Months)	2013-14 (6 Months)	2014-15 (12 Months)	2013-14 (6 Months)
Uttarpara Unit (UTP) (upto May 23, 2014)	-	0.94	23.54	91.32
Chennai Car Plant (CCP) (upto March 29, 2014)	-	-	-	11.28
Pithampur Plant (PTP) (upto December 3, 2014)	-	-	1.20	-
	-	<b>0.94</b>	<b>24.74</b>	<b>102.60</b>

38. Disclosure for the year ended March 31, 2015 under Accounting Standard-15 (Revised) on 'Employee Benefits'

A. Defined Contribution Plan	₹ in Lacs	
	<u>2014-15</u> <u>(12 Months)</u>	<u>2013-14</u> <u>(6 Months)</u>
Contribution to Provident Fund	104.13	274.44
Contribution to Superannuation Fund	5.16	11.00

**B. Defined Benefit Plan**

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

## Notes to financial statements for the year ended March 31, 2015 (Contd.)

₹ in lacs

Sl.	Particulars	2014-15		2013-14	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
<b>I</b>	<b>Net Employee Expense / (Benefit)</b>				
1	Current Service Cost	52.99	31.33	68.69	86.87
2	Interest cost on benefit obligation	137.47	33.41	113.80	32.39
3	Expected return on Plan Assets	(158.21)		(88.80)	
4	Net Actuarial (gain)/loss recognised in the period	51.72	4.97	72.60	197.27
5	Total employee expenses recognised in Statement of Profit and Loss	83.97	69.71	166.29	316.53
<b>II</b>	<b>Actual Return on Plan Assets</b>	122.53	–	74.70	–
<b>III</b>	<b>Benefit Asset/(Liability)</b>				
1	Defined benefit obligation	1006.59	–	2636.64	–
2	Fair Value of Plan Assets	532.79	–	1757.84	–
3	Benefit Asset/(Liability)	(473.80)	–	(878.80)	–
<b>IV</b>	<b>Movement in Benefit Liability</b>				
1	Opening defined benefit obligation	2636.64	626.64	2761.90	430.11
2	Interest Cost	137.47	33.41	113.80	32.39
3	Current Service Cost	52.99	31.33	68.69	86.87
4	Benefits paid	(1836.55)	(418.00)	(234.09)	(120.00)
5	Actuarial (gains) / losses on obligation	16.05	4.97	58.50	197.27
6	Transferred pursuant to Business Transfer Agreement	–	–	(132.16)	–
7	Closing benefit obligation	1006.59	278.35	2636.64	626.64
<b>V</b>	<b>Movement in Fair Value of Plan Assets</b>				
1	Opening fair value of Plan Assets	1757.84	–	2040.57	–
2	Expected Return on Plan Assets	158.20	–	88.80	–
3	Contribution by employer	488.97	–	2.22	–
4	Benefits paid	(1836.55)	–	(234.09)	–
5	Actuarial gains / (losses) on Plan Assets	(35.67)	–	(14.10)	–
6	Transferred pursuant to Business Transfer Agreement	–	–	(125.56)	–
7	Closing fair value of Plan Assets	532.79	–	1757.84	–
<b>VI</b>	<b>The Principal actuarial assumptions are as follows</b>				
1	Discount Rate	8.00%	8.00%	8.75%	8.75%
2	Salary increase	1.00%	1.00%	4.00%	4.00%
3	Withdrawal Rate	Varying between 1% and 2% per annum depending upon duration and age of the employees			
4	Expected rate of return on Plan assets		9.00%		8.85%
<b>VII</b>	<b>The major categories of Plan Assets as a percentage of fair value of the total Plan Assets</b>				
	Investment with Insurer		100%		100%



**Notes to financial statements for the year ended March 31, 2015** (Contd.)

₹ in lacs

VIII Amounts for the current and previous year are as follows :						
Defined Benefit Gratuity Plan		2014-15	2013-14	2012-13	2011-12	2010-11
1	Defined benefit obligation	1006.59	2636.64	2761.90	2275.24	2116.77
2	Plan Assets	532.79	1757.84	2040.57	1914.10	1792.06
3	Surplus / (Deficit)	(473.80)	(878.80)	(721.33)	(361.14)	(324.71)

**Note :** a) The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) The Company expects to contribute ₹ 122.53 lacs (₹ 74.70 lacs) to Gratuity fund for 2015-16.

c) Experience adjustment on plan assets & liabilities has been considered in the valuation report as certified by the actuary, which is not readily available and hence not disclosed separately.

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

Subsidiary Company	Hindustan Motors Limited, U.S.A. (HML,USA)
Key Management Personnel	Mr. Uttam Bose, Managing Director (up to May 9, 2014) Mr. Moloy Chowdhury, Manager (from May 10, 2014) Mr. Yogesh Goenka, Chief Financial Officer and Company Secretary (up to May 9, 2014) Mr. Tarun Kumar Kabra, Company Secretary (from May 10, 2014) Mr. Aniruddha Sarkar, Chief Financial Officer and Head Legal (from May 10, 2014 till October 30, 2014) Mr. Bhikam Chand Mishra, Chief Financial Officer (from November 11, 2014)

(b) Aggregated Related Party Disclosures as at and for the year ended March 31, 2015 are as follows.  
(Transactions have taken place on arm's length basis).

₹ in lacs

Nature of Transactions	Subsidiary Companies		Associate Companies		Managerial Personnel	Total
	HML (USA)	HMFC	HMFC	HME		
Sale of Products	- (-)	- (-)	- (1120.10)	- (-)	- (-)	- (1120.10)
Job Work Expenses	- (-)	- (-)	- (326.34)	- (-)	- (-)	- (326.34)
Facility Income	- (-)	- (-)	- (124.17)	- (-)	- (-)	- (124.17)
Professional & Consultancy Expenses	- (-)	- (-)	- (61.58)	- (-)	- (-)	- (61.58)
Reimbursement of Expenses	- (-)	- (-)	- (78.71)	- (-)	- (-)	- (78.71)

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

₹ in lacs

Nature of Transactions	Subsidiary Companies		Associate Companies		Managerial Personnel	Total
	HML (USA)	HMFC	HMFC	HME		
Salaries, Allowances, Provident Fund and Others	- (-)	- (-)	- (-)	- (-)	176.85 (92.19)	176.85 (92.19)
Finance Cost	- (-)	- (-)	- (15.52)	- (11.17)	- (-)	- (26.69)
Other Non Operating Income (Rent)	- (-)	- (1.33)	- (1.90)	- (-)	- (-)	- (3.23)
Sale of Non-Current Investments	- (-)	- (2945.14)	- (-)	- (-)	- (-)	- (2945.14)
<b>Balance Outstanding at Period end</b>						
Trade Receivable	5.12 (4.92)	- (-)	- (-)	- (-)	- (-)	5.12 (4.92)
Trade Payables	8.73 (8.38)	- (-)	- (-)	- (-)	- (-)	8.73 (8.38)

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

₹ in lacs

	<u>2014-15</u> <u>(12 Months)</u>	<u>2013-14</u> <u>(6 Months)</u>
41. (a) The following items are included under other heads in the Statement of Profit and Loss.		
Raw Materials and Components	-	3.50
Stores & Spares	0.39	24.67
(b) Salaries and Wages as well as Stores consumption relating to repairs have not been segregated but are charged to the relevant account heads.		
42. C.I.F. Value of Imports		
(i) Components and Spare Parts	459.23	6122.43
(ii) Capital Goods	-	13.04
43. Expenditure in Foreign Currency		
(i) Royalties, Technical Know-how Fees, Professional and Consultation fees	-	31.23
(ii) Interest	-	14.74
(iii) Other Matters	25.88	8.74
44. Earnings in Foreign Exchange		
(i) Export of goods on F.O.B. basis	-	32.78
(ii) Warranty claims	-	7.57

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

45. Value of Raw Materials and Components, Stores and Spares consumed during the year (including items shown under other heads of expenses, unserviceable and / or damaged items written down and / or written off) :

	Raw Materials and Components				Stores and Spares			
	2014-15 (12 Months)		2013-14 (6 Months)		2014-15 (12 Months)		2013-14 (6 Months)	
	₹ in lacs	%	₹ in lacs	%	₹ in lacs	%	₹ in lacs	%
Indigenous	528.58	52	4335.53	39	82.59	100	311.20	99
Imported								
a) CIF Value	459.23	46	5818.18	51	-	-	3.31	1
b) Duty, Port charges, Transport etc.	21.28	2	1101.93	10	-	-	0.60	-
	480.51	48	6920.11	61	-	-	3.91	1
	<b>1009.09</b>	<b>100</b>	<b>11255.64</b>	<b>100</b>	<b>82.59</b>	<b>100</b>	<b>315.11</b>	<b>100</b>

46. On 29th September 2014, the Company, has allotted 2,38,87,300 Equity Shares of nominal value ₹ 5 each at a premium of ₹ 4.44 per Equity Share and 20,53,00,000 10.25% Secured Non-Convertible Debenture of ₹ 1 (₹ One each) to lenders (Banks/Financial Institutions) under Corporate Debt Restructuring (CDR) Package as approved by CDR Empowered Group at its meeting held on 28th June 2014 towards recompense of interest amount. The shares and debentures were issued on private placement basis. With the allotment of above securities and payment of balance amount of ₹ 640 lacs to the lenders, the Company has made full settlement of recompense of interest amount. With this settlement, the Company has exited CDR.
47. The operating results have been adversely affected due to adverse market conditions and the accumulated losses of the Company as at 31st March 2015 stand at ₹ 20100.99 lacs as against the share capital of ₹ 10441.44 lacs. Also current liabilities as at 31st March 2015 exceed current assets by ₹ 7366.26 lacs. The Company has already made reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 of the Sick Industrial Companies (Special Provision) Act, 1985. The reference has also been registered by BIFR. Further the Company has also declared "Suspension of work" at its Uttarpara plant w.e.f. May 24, 2014 & layoff at its Pithampur plant w.e.f. December 4, 2014. These conditions indicate the existence of material uncertainty about the Company's ability to continue as a going concern, which is dependent on the Company establishing profitable operations and sustainable cash flows. The Management is in the process of restructuring the operations including rationalizing the costs. The Management believes that these measures may result in sustainable cash flows and accordingly, the Company continues to prepare its accounts on a "Going Concern" basis.
48. During the year, the Company reached a compensation settlement with the permanent employees/workmen of the Company through a Voluntary Retirement Scheme (VRS) and paid Compensation ₹ 899.00 lacs which has been charged in employee benefits expense.
49. The following Statement shows the Revenue and Expenses of Discontinued operations i.e. Chennai Car Plant of the Company which was sold to Hindustan Motor Finance Corporation Limited w.e.f. March 30, 2014 pursuant to Business Transfer Agreement. The details are as under :

**Notes to financial statements for the year ended March 31, 2015** (Contd.)

₹ in lacs

Particulars		2014-15	Oct 1, 2013 to March 29, 2014
<b>A</b>	<b>INCOME</b>		
	Revenue from Operations (Gross)	–	16458.20
	Less : Excise duty	–	3206.00
	Revenue from Operations (Net)	–	13252.20
	Other Income	–	327.51
		–	<b>13579.71</b>
<b>B</b>	<b>EXPENSES</b>		
	Cost of Raw materials and components consumed	–	8379.73
	Purchase of Traded Goods	–	1958.48
	Decrease / (Increase) in Stocks	–	(165.65)
	Employee Benefits Expense	–	757.39
	Finance Costs	–	201.74
	Depreciation and Amortisation Expense	–	591.27
	Other Expenses	–	2059.54
		–	<b>13782.50</b>
	Profit/(Loss) before Tax	–	(202.79)
	Tax Expense	–	–
	<b>Profit/(Loss) after Tax</b>	–	<b>(202.79)</b>

The carrying amounts of the total assets and liabilities of Chennai Car Plant are as given below:

₹ in lacs

	2014-15	As at March 29, 2014
Total assets (Excluding revaluation reserve)	–	11440.37
Total liabilities (Excluding revaluation reserve)	–	4896.84
<b>Net assets</b>	–	<b>6543.53</b>

The net cash flows attributable to the Chennai Car Plant are as given below:

₹ in lacs

	2014-15	Oct 1, 2013 to March 29, 2014
Operating activities	–	1691.66
Investing activities	–	(217.27)
Financing activities	–	(1627.99)
<b>Net cash inflows / (outflows)</b>	–	<b>(153.60)</b>

## Notes to financial statements for the year ended March 31, 2015 (Contd.)

50. Due to low productivity, growing indiscipline, shortage of funds and lack of demand of products, the management has declared "Suspension of work" at Company's Uttarpara Plant with effect from May 24, 2014. The Company has also declared layoff at its Pithampur plant with effect from December 4, 2014 due to lack of orders.

Based on legal opinion obtained, the employees and workmen, falling under the purview of "Suspension of work" at Uttarpara plant, are not entitled to any salary & wages during that period and accordingly the Company has not provided for such salary & wages.

Further, consequent to above, the management does not have complete access to certain books, elaborate records and other underlying source documents in relation to operational and financial matters. In the absence of such records, material rejection during the year have been considered based on standard consumption norms. However, based on the present scale of operations of the Company at Uttarpara, the management believes that the impact thereof, if any, is not expected to be material on current year's financial results.

51. Previous period's figures have been regrouped / rearranged wherever necessary. Further, current year's figures being for twelve months are not comparable with previous period's figures being for six months.

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As per our report of even date.

For **Ray & Ray**

*Chartered Accountants*

ICAI Firm Registration Number : 301072E

**Asish Kumar Mukhopadhyay**

*Partner*

Membership No.: 056359

Place: Kolkata

Date : May 25, 2015

**Tarun Kumar Kabra**

*Company Secretary*

**Bhikam Chand Mishra**

*Chief Financial Officer*

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

**A. Sankaranarayanan**

*Director*

**Uttam Bose**

*Director*

# HINDUSTAN MOTORS LIMITED

CIN : L34103WB1942PLC018967

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

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

hmcosecy@hindmotor.com | www.hindmotor.com

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

**PROXY FORM**

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **73rd Annual General Meeting of the Company, to be held on Friday, the 14th day of August, 2015 at 11.00 a.m.** at Rotary Sadan, 94/2, Chowringhee Road, Kolkata-700020 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution Number	Description
<b>Ordinary Business</b>	
1.	Adoption of Audited Financial Statements together with Directors' Report and Auditors' Report thereon for the financial year ended 31st March, 2015
2.	Appointment of Shri A. Sankaranarayanan (DIN-00385632) as Director, who retires by rotation and being eligible offers himself for re-appointment
3.	Ratification of appointment of Messrs. Ray & Ray, Chartered Accountants (Registration No.301072E) as Auditors of the Company.
<b>Special Business</b>	
4.	Appointment of Smt. Mou Mukherjee (DIN-03333993) as an Independent Director of the Company
5.	Modification in the terms of issue of 20,53,00,000 10.25% Secured Non-Convertible Debentures of ₹ 1 each from non-transferable to transferable.

Signed this ..... day of ..... 2015

Signature of Shareholder (s) .....

Signature of Proxy holder(s) .....

Affix  
Re. 1/-  
Revenue  
Stamp

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



**ATTENDANCE SLIP**

**HINDUSTAN MOTORS LIMITED**

CIN : L34103WB1942PLC018967

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

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

hmcosecy@hindmotor.com | www.hindmotor.com

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

Joint Shareholders may obtain additional slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER

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Folio No.	
DP ID	
Client ID	
No. of Shares	

I hereby record my presence at the **73rd Annual General Meeting** of the Company held on Friday, the 14th day of August, 2015 at 11.00 a.m. at Rotary Sadan, 94/2, Chowringhee Road, Kolkata-700020.

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

\*Strike out whichever is not applicable.





*if undelivered please return to :*



Hindustan  
Motors  
Limited

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

**FORM A**

**Filing of Annual Report with the Stock Exchange**

1	Name of the Company	Hindustan Motors Limited
2	Annual financial statements for the financial year ended 31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2015
3	Types of audit observation	Unqualified with Emphasis of Matters (EOM)
4	Frequency of observation	<ul style="list-style-type: none"> <li>• One EOM is repetitive [refer EOM (a) of the Auditors' Report]</li> <li>• One EOM appeared first time [refer EOM (b) of the Auditors' Report]</li> </ul>
5	To be signed by- <ul style="list-style-type: none"> <li>• Chief Executive Officer</li> <li>• Chief Financial Officer</li> <li>• Auditor of the Company</li> <li>• Chairperson of Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Mr. Moloy Chowdhury</li> <li>• Mr. Bhikam Chand Mishra</li> <li>• Mr. Asish Kumar Mukhopadhyay, Partner of Ray &amp; Ray, Chartered Accountants</li> <li>• Mrs. Mou Mukherjee</li> </ul>

**For RAY & RAY**

**Chartered Accountants**

**ICAI Firm Registration Number: 301072E**

*Asish Kumar Mukhopadhyay*  
Asish Kumar Mukhopadhyay

Partner

Membership No.056359

Date: May 25, 2015

Place: Kolkata



**For Hindustan Motors Limited**

*Moloy Chowdhury*

(Moloy Chowdhury)

Chief Executive Officer

*Bhikam Chand Mishra*  
(Bhikam Chand Mishra)

Chief Financial Officer

*Mou Mukherjee*

(Mou Mukherjee)

Chairperson of Audit Committee