



Hinduja Foundries Limited

Registered Office : Kathivakkam High Road, Ennore, Chennai - 600 057

T: +91 44 2575 2103, F: +91 44 2575 0390

CIN : L27104TN1959PLC003849

Website address: www.hindujafoundries.com E-mail: secretarial@hindujafoundries.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty Fourth Annual General Meeting of the members of Hinduja Foundries Limited will be held on Monday, December 22, 2014, at 10.00 A.M. at Rani Seethai Hall, 603, Anna Salai, Chennai 600 006 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the 18 months period ended 30th September, 2014, the Balance Sheet as at that date together with the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R. Seshasayee (DIN : 00047985), who retires by rotation in terms of Article 106 of Articles of Association of the Company, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this connection, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Messrs B S R and Company, (Firm Registration No. 128900W), Chartered Accountants, Chennai, be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

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 Mr T Anantha Narayanan (DIN : 00007227), be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Mohana Srinivasan (DIN: 06957952), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto December 21, 2017."
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. D J Balaji Rao (DIN: 00025254), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto December 21, 2017."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. S Ragothaman (DIN: 00042395), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto December 21, 2017."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Sridhar Venkiteswaran (DIN: 03499271), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto December 21, 2017."
9. (a) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT in supersession of the Ordinary Resolution passed at the Annual General Meeting held on December 28, 2012 and pursuant to the provisions of Section 180(1) (c) of the Companies Act 2013, the Rules made thereunder and its related and applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof) and in terms of Articles of Association of the Company, the Company hereby accords its consent to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company for borrowing any sum or sums of money from time to time whether in Indian rupees or foreign currency (including External Commercial Borrowings in foreign denominated currencies from any foreign source / countries as prescribed by guidelines, if any in this respect) from any one or more Company's bankers and /or from any one or more persons, firms, Bodies Corporate, Financial Institutions, Banks or other acceptable source whether by way of advances, deposits, loans, debentures, bonds or other securities whether convertible into equity/preference shares and/ or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to, Bank(s), Financial or other Institution(s), Mutual Fund(s), non-resident Indians, Foreign Institutional Investors or any other person(s), Body(ies) Corporate, etc., whether shareholder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided the overall borrowings by the Board shall not at any time exceed the limit of Rs.1000 Crore (Rupees One Thousand crore only).
RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient.
RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved / ratified and confirmed in all respects."

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

“RESOLVED THAT in supersession of the Ordinary Resolution passed at the Annual General Meeting held on December 28, 2012 and pursuant to the provisions of Section 180(1)(a) of the Companies Act 2013, the Rules made thereunder and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the Board of Directors of the Company (hereinafter called “the Board”, which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purpose) be and is hereby authorised to create such charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, or the whole, or substantially the whole, of the undertaking or undertakings of the Company, and with such ranking as to priority and for such time and on such terms and in such manner as the Board may think fit, in favour of lenders, agents, trustees and other agencies to secure the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or Indian rupee) and /or working capital facilities and/or Securities issued/ to be issued by the Company, from time to time upto Rs.1000 Crores including interests, compound/additional interest, commitment charges, costs expenses and all other monies payable by the Company to the concerned lenders.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any other Officer(s) of the Company to give effect to the above resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to above resolutions.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved / ratified and confirmed in all respects.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s Geeyes & Co., the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2014-15, be paid the remuneration as may be decided by the Board / Audit Committee.

RESOLVED FURTHER THAT the Board of Directors / Audit Committee of the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient including fixing remuneration to give effect to this resolution.”

Registered Office :
Kattivakkam High Road,
Ennore, Chennai – 600 057
Chennai
November 20, 2014

By Order of the Board

S VENKATASUBRAMANIAN
Company Secretary

NOTES:

- The Register of Members and the Share Transfer books of the Company will remain closed from December 16, 2014 to December 22, 2014 (both days inclusive) for annual closing.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.**
Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purposes.
- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of details relating to Special Businesses is furnished below.
- Members may please bring the Admission Slip duly filled in and hand over the same at the entrance of the Meeting Hall.
- Members, who hold shares in dematerialised form, are requested to quote Depository account number (Client ID No.) for recording of attendance at the meeting.
- Pursuant to the amendment to Sections 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, re-enacted vide Section 125 of the Companies Act, 2013, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the financial years ended upto March 31, 2005 has been transferred to Investor Education and Protection Fund. The amount so transferred cannot be claimed either from the Company or from the Fund. Members who have not encashed the dividend warrants declared for the financial year ended 2007-08 as given below are requested to write to the Company giving the necessary details.

Details of dividend declared for the Financial Year 2007-08:

Financial Year	Declared on	Rate of Dividend	Amount of Dividend per Share (Face Value Rs. 10 per Share)
2007 – 08	31.07.2008	20%	Rs. 2/- per Share

- Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the Company shall provide / host the required details of unclaimed amount referred to under Section 205 C (2) of the Companies Act, 1956 to the Ministry of Corporate Affairs (MCA) in the relevant form every year.
- Electronic copy of the Notice of the 54th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 54th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- Members may also note that the Notice of the 54th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website, "www.hindujafoundries.com" for their download. The physical copies of the aforesaid documents will also be available at the Company's Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: secretarial@hindujafoundries.com.
- Voting through electronic means:
 - In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, read with Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 54th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
- (i) Open email and open PDF file viz; “Hinduja Foundries e-Voting. pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
 - (iii) Click on Shareholder – Login
 - (iv) Type user ID and password as initial password/ PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
 - (vii) Select “EVEN” of Hinduja Foundries Limited.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
 - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to chitraandco@gmail.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :
- (i) Initial password is provided as below at the bottom of the Attendance Slip for the AGM :
EVEN (E-Voting Event Number) USER ID PASSWORD/PIN
Please follow all steps from Sl. No. (ii) to Sl. No.(xii) above, to cast vote.
 - (ii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsd.com
 - (iii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - (iv) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - (v) The e-voting period commences on December 16, 2014 (09:00 A.M.) and ends on December 18, 2014 (05:30 P.M.). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of November 14, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - (vi) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of November 14, 2014.
 - (vii) Ms. B. Chitra, Practising Company Secretary (Membership No. FCS: 4509) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - (viii) The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - (ix) The Results shall be declared on or after the AGM of the Company. The Results declared along with Scrutinizer’s Report shall be placed on the Company’s website www.hindujafoundries.com and the website of NSDL within two(2) days of passing the resolution at the AGM of the Company and communicated to the Stock Exchanges.

11. Brief notes on the background and the functional expertise of the Director proposed for re-appointment is furnished below, along with details of companies in which he is a Director and the Board Committees of which he is a member:

MR. R. SESHASAYEE

Mr. R Seshasayee, aged 65 years is a Chartered Accountant. He joined Ashok Leyland in January 1976 and was appointed as the Deputy Managing Director in 1993. He was appointed as Managing Director in April 1998 and rose to become Executive Vice Chairman in 2011, which position he held at the time of his retirement in March 2013.

Mr. Seshasayee has been an active member of the National Council of the Confederation of Indian Industry (CII), the premier industry association in India and was the President of CII during 2006–07. He was also the President of the Society of Indian Automobile Manufacturers. He has served as a Member/ Chairman of various trade and professional committees both at national and international levels.

Details of other Directorships/ Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
NON EXECUTIVE VICE-CHAIRMAN	
Ashok Leyland Limited	Stakeholders Relationship Committee Technology and Investment Committee Risk Management Committee (Chairman)
EXECUTIVE VICE-CHAIRMAN	
Hinduja Energy India Limited	Audit Committee
CHAIRMAN	
Ashley Airways Limited (in voluntary winding up)	–
Ashley Alteams India Limited	–
Hinduja Leyland Finance Limited	Nomination and Remuneration Committee (Chairman)
IndusInd Bank Limited	Committee of Directors (Loans Disbursal) (Chairman) Nomination Committee Human Resource Committee Finance Committee
DIRECTOR	
Hinduja National Power Corporation Limited	Audit Committee (Chairman)

Infosys Limited	Audit Committee (Chairman) Risk Committee Nomination Committee
Houghton International Inc., USA	–

Mr. R. Seshasayee does not hold any shares in the Company as per the details furnished by him.

12. Corporate Members / FIs / Financial Institutions intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board resolution / such other documents authorizing their representatives to attend and vote at the Annual General Meeting well in advance.
13. The Annual Report 2013-14 of the Company circulated to the Members of the Company, will be made available on the Company's website at www.hindujafoundries.com and also on the website of the respective Stock Exchanges at www.bseindia.com and www.nseindia.com.
14. Nomination Form
Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Companies Act, 2013 read with Rules made thereunder are requested to send the prescribed Form SH.13 to the Corporate / Registered Office of the Company. The Form SH.13 for the purpose would be available on the Company's website for download.
15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
16. Consent of members was obtained for the preferential allotment of 1,78,18,448 equity shares of Rs.10/- each to Hinduja Foundries Holding Limited, Mauritius (Promoter and Promoter Group) and the natural persons who are the ultimate beneficial owners of the shares allotted to the above entity are the members of the "Hinduja Family" of which Mr. Srichand P Hinduja is the eldest member.
"Hinduja Family" referred as the ultimate natural beneficial person is the same family and the family members who control Hinduja Automotive Limited, UK.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

Mr T Anantha Narayanan was appointed as an Additional Director of the Company with effect from 28.03.2014, and his term of office as an Additional Director expires at this Annual General Meeting.

Mr. T Anantha Narayanan, aged 69 years is a Chartered Accountant by profession and has long years of experience in financial management and has served on the Boards of many reputed Companies. His present Directorship(s) / Committee membership(s) are given below :

DIRECTORSHIP	COMMITTEE MEMBERSHIP
CHAIRMAN	
Allsec Technologies Ltd	Audit Committee (Chairman) Investment Committee (Chairman) Remuneration Committee (Chairman)
DIRECTOR	
Hinduja Leyland Finance Limited	Audit Committee Asset Liability Management Committee
Ashley Services Limited (Company amalgamated with Ashok Leyland w.e.f. 27.3.2014)	–
Sundaram Asset Management Company Ltd.,	Audit Committee Committee of Directors
Sanco Trans Limited	Remuneration Committee
Indusind Bank Limited	Audit Committee (Chairman) Committee of Directors Risk Management Committee

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. T Anantha Narayanan for the office of Director of the Company.

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

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. T Anantha Narayanan.

Item No. 5

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mrs. Mohana Srinivasan as an Additional Director of the Company with effect from September 17, 2014.

In terms of the provisions of Section 161(1) of the Act, Mrs. Mohana Srinivasan would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Mohana Srinivasan for the office of Director of the Company.

Mrs. Mohana Srinivasan 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.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he / she shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mrs. Mohana Srinivasan 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. Mrs. Mohana Srinivasan possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

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

Brief resume of Mrs. Mohana Srinivasan, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

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

Copy of the letter for appointment of Mrs. Mohana Srinivasan as an Independent Director setting out the terms and conditions is available for inspection by members at the Company's Office in Chennai.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Mrs. Mohana Srinivasan and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mrs. Mohana Srinivasan.

Item No. 6

Mr. D J Balaji Rao is an Independent Director of the Company who joined the Board in March 2004. Mr. D J Balaji Rao is a Chairman of Audit Committee and Capital / Securities Committee.

Mr. D J Balaji Rao, aged 75 years is a former Deputy Managing Director of ICICI Limited. He is a qualified Mechanical and Industrial Engineer and pursued his career in engineering for about 8 years before joining ICICI Limited in 1970. After wide ranging responsibilities in different locations, he reached the position of Deputy Managing Director of ICICI Limited and subsequently took over as Managing Director of SCICI Limited in 1996. He retired as the Managing Director of Infrastructure Development Finance Company Limited in the year 2000.

The Board based on the experience/expertise declared by Mr. D J Balaji Rao, is of the opinion that Mr. D J Balaji Rao has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Mr. D J Balaji Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 consecutive years upto December 21, 2017. A notice has been received from a member proposing Mr. D J Balaji Rao as a candidate for the office of Director of the Company.

Mr. D J Balaji Rao has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. D J Balaji Rao as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Company's office in Chennai during normal business hours on any working day.

The members are further requested to note that Mr. D J Balaji Rao has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. D J Balaji Rao as an Independent Director. Accordingly, the Board recommends the resolution for the appointment of Mr. D J Balaji Rao as an Independent Director, for the approval by the shareholders of the Company.

Details of other Directorships/ Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
DIRECTOR	
Bajaj Holding & Investments Limited., Pune	Remuneration Committee
Ashok Leyland Limited, Chennai	Audit Committee and Stakeholders Relationship Committee Remuneration Committee (Chairman)
Bajaj Auto Limited	Stakeholders Relationship Committee (Chairman) Audit Committee Remuneration Committee (Chairman)
Bajaj Finserv Limited., Pune	Audit Committee Remuneration Committee
CMI- FPE Limited., Mumbai	Audit Committee (Chairman) Remuneration Committee
Bajaj Finance Limited, Pune	–

Mr. D J Balaji Rao holds 290 Shares in the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. D J Balaji Rao.

Item No. 7

Mr. S Ragothaman is an Independent Director of the Company who joined the Board in October 2001. Mr. S Ragothaman is a member of Audit Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee. Mr. S Ragothaman, aged 68 years, is a Chartered Accountant by profession and was associated with ICICI Bank Limited for nearly 27 years and was involved across various functions such as Project Evaluation, Term Lending, etc.

The Board based on the experience/expertise declared by Mr. S Ragothaman, is of the opinion that Mr. S Ragothaman has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Mr. S Ragothaman being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 consecutive years upto December 21, 2017. A notice has been received from a member proposing Mr.S Ragothaman as a candidate for the office of Director of the Company.

Mr. S Ragothaman has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. S Ragothaman as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Company's office in Chennai during normal business hours on any working day.

The members are further requested to note that Mr. S Ragothaman has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. S Ragothaman as an Independent Director. Accordingly, the Board recommends the resolution for the appointment of Mr. S Ragothaman as an Independent Director, for the approval by the shareholders of the Company.

Details of other Directorships/ Committee Memberships held by him:

DIRECTORSHIP	COMMITTEE MEMBERSHIP
The Bombay Dyeing & Mfg. Co. Ltd., Mumbai	Audit Committee Remuneration Committee
Xpro India Limited, Chennai	Audit Committee (Chairman)
Shreyas Shipping & Logistics Limited, Mumbai	Audit Committee Remuneration Committee
Shreyas Relay Systems Limited, Mumbai	Audit Committee (Chairman)
Sakthi Finance Limited, Coimbatore	–
Xpro Global Limited, New Delhi	–
DIGJAM Limited	Audit Committee
National Peroxide Ltd.,	–

Mr. S. Ragothaman holds 5000 Shares in the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. S Ragothaman.

Item No.8

Mr. Sridhar Venkiteswaran is an Independent Director of the Company who joined the Board in March 2011. Mr. Sridhar Venkiteswaran is a member of Audit Committee, Investment Committee and Capital / Securities Committee. Mr. Sridhar Venkiteswaran, aged 48 years, is an entrepreneur and a key founding member and Director of the India based, Avalon Group consisting of multiple entities along the Information Services Value Chain ranging from Strategy and Performance Improvement Consulting, Business Research and Marketing analytics serving global clients with Group revenues of \$30 mn and employing over 1200 people. In a career spanning over 20 years, Mr. Sridhar Venkiteswaran has developed lasting relationships with industrialists and senior management professionals in companies / groups like Dow Chemical, DSM, TVS & Sons, Ashok Leyland, Hero Group, Claris Lifesciences, DCM Shriram Consolidated, Rane Group, Asahi India, Deepak Fertilisers etc., by working with them on strategy and other consulting engagements.

The Board based on the experience/expertise declared by Mr. Sridhar Venkiteswaran, is of the opinion that Mr. Sridhar Venkiteswaran has the requisite qualification to act as an Independent Director of the Company.

In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Mr. Sridhar Venkiteswaran being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 years upto December 21, 2017. A notice has been received from a member proposing Mr.Sridhar Venkiteswaran as a candidate for the office of Director of the Company.

Mr. Sridhar Venkiteswaran has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Sridhar Venkiteswaran as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Company's office in Chennai during normal business hours on any working day.

The members are further requested to note that Mr. Sridhar Venkiteswaran has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

The Board deliberated and decided that owing to his rich and varied experience, his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Sridhar Venkiteswaran as an Independent Director. Accordingly, the Board recommends the resolution for the appointment of Mr. Sridhar Venkiteswaran as an Independent Director, for the approval by the shareholders of the Company.

Mr. Sridhar Venkiteswaran does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him.

Details of other Directorships/ Committee Memberships held by him :

DIRECTORSHIP	COMMITTEE MEMBERSHIP
Rockman Industries Limited	CSR Committee
Lifelong India Limited	Remuneration Committee
OC & C Strategy Consultants India Pvt. Ltd.	–

Mr. Sridhar Venkiteswaran is not a Committee Member of any other Company and does not hold any shares in the Company as per the details furnished by him.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr. Sridhar Venkiteswaran.

Item No. 9 (a) & (b)

In order to meet the requirements of Section 293 (1) (d) and 293 (1) (a) of the Companies Act, 1956 the shareholders had, in the Annual General Meeting held on December 28, 2012 authorized the Company to borrow sums in excess of paid capital and free reserves of the Company subject to a ceiling of Rs.1000 Crore. (other than temporary borrowings). Section 180 of the Companies Act, 2013 (notified on September 12, 2013) mandates that the aforementioned powers of the Board shall be exercised only through Special Resolution passed in the meeting of shareholders as compared to the requirement of ordinary resolution under the previous Act.

Consequently, the Board recommends to the shareholders to pass a special resolution under Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013, without altering the borrowing limits already approved by way of general resolution earlier.

The term loans are to be secured by a *pari-passu* first charge on the fixed assets/equitable mortgage on the freehold lands and a *pari passu* second charge on the current assets of the company. The working capitals are to be secured by a *pari-passu* first charge on the current assets of the company and *pari passu* second charge on the fixed assets of the company.

Accordingly, the proposed resolution is placed before the shareholders for their approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

Item No. 10

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Geeyes & Co. as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2014-15.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be approved / ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for approval / ratification of the remuneration payable to the Cost Auditors for the financial year 2014-15.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 10 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

Annual Report containing Directors' Report and Audited Financial Statements are being sent by Book Post / E-mail.

Registered Office :
Kattivakkam High Road,
Ennore, Chennai – 600 057
Chennai
November 20, 2014

By Order of the Board

S VENKATASUBRAMANIAN
Company Secretary



**HINDUJA FOUNDRIES
HINDUJA FOUNDRIES LIMITED**

CIN: L27104TN1959PLC003849 Registered Office: Kathivakkam High Road, Ennore, Chennai 600 057, India
Ph: +91 - 44-25752103 Fax: +91-44-25750390 e-mail: secretarial@hindujafoundries.com, website: www. hindujafoundries.com

54th ANNUAL GENERAL MEETING

ADMISSION SLIP

PLEASE COMPLETE THE SLIP AND
HAND IT OVER AT THE ENTRANCE OF THE
MEETING HALL

NAME & ADDRESS OF THE MEMBER

I hereby record my presence at the FIFTY FOURTH ANNUAL GENERAL MEETING of the Company, at the Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 at 10.00 a.m. on Monday, December 22, 2014.

Name of the shareholder/Proxy*	Signature of the shareholder/Proxy*

*Strike out whichever is not applicable.

ELECTRONIC VOTING PARTICULARS

EVEN (E-voting Event Number)	User ID	Password / PIN

Note : During the e-voting period, members of the Company holding shares as on the record date may cast their vote electronically. The Record Date for the purpose of e-voting is November 14, 2014. Please read the instruction given at Note No.10 of the AGM Notice carefully before voting electronically.



**HINDUJA FOUNDRIES
HINDUJA FOUNDRIES LIMITED**

CIN: L27104TN1959PLC003849 Registered Office: Kathivakkam High Road, Ennore, Chennai 600 057, India

PROXY FORM

Folio No. Depository A/c No.

I / We being the member(s) of, shares of the above named company hereby appoint

1. Name	2. Name	3. Name
Address	Address	Address
E-mail Id	E-mail Id	E-mail Id
Signature Or failing him/her	Signature Or failing him/her	Signature

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting of the Company to be held on Monday, December 22, 2014 at Chennai and at any adjournment thereof in respect of such resolutions, as are indicated overleaf.

Signed this day of 2014

Name :

Address :

Revenue
Stamp

Signature of the Proxy

Signature of
the shareholder

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. The proxy need not be a Member of the Company.

Please do not share your e-voting password with anyone.

Please see overleaf

S.No	Resolutions
	Ordinary Business
1.	To receive, consider and adopt the Audited Statement of Profit and Loss for the 18 months period ended 30 th September, 2014, the Balance Sheet as at that date together with the Report of Directors and the Auditors thereon
2.	To appoint a Director in place of Mr. R. Seshasayee, who retires by rotation and being eligible, offers himself for re-appointment.
3.	Re-appointment of Messrs B S R and Company, as Statutory Auditors, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.
	Special Business/Ordinary Resolution
4.	Appointment of Mr. T Anantha Narayanan as a Director.
5.	Appointment of Mrs. Mohana Srinivasan as Independent Director for 3 years.
6.	Appointment of Mr. D J Balaji Rao as Independent Director for 3 years.
7.	Appointment of Mr. S Ragothaman as Independent Director for 3 years.
8.	Appointment of Mr. Sridhar Venkiteswaran as Independent Director for 3 years.
	Special Business/Special Resolution
9.	To consider and approve a) The Borrowing Limit b) Creation of Mortgage/Security on the Assets
	Special Business/Ordinary Resolution
10.	Remuneration of Cost Auditors

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General Information

Board of Directors	R Seshasayee	Chairman
	D G Hinduja	Co-Chairman
	D J Balaji Rao	
	Jean Brunol	
	S Ragothaman	
	Sridhar Venkiteswaran	
	T Anantha Narayanan	
	Mohana Srinivasan	
G R V Rajan	Managing Director & CEO	
Chief Financial Officer	K R Ravishankar	
Company Secretary	S Venkatasubramanian	
Bankers	Bank of Baroda Canara Bank DBS Bank Limited HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited Karur Vysya Bank Limited Standard Chartered Bank State Bank of India State Bank of Travancore Union Bank of India Yes Bank	
Auditors	BSR and Company 10, Mahatma Gandhi Road Nungambakkam Chennai 600 034	
Registered Office	Kathivakkam High Road Ennore, Chennai 600 057	
Corporate Office	477-482, Anna Salai, Khivraj Complex II 7th Floor, Nandanam, Chennai - 600 035	
Plant Locations	Ennore, Chennai 600 057 Ductron Casting Unit IDA, Uppal, Hyderabad 500 039 Plot K - 2, SIPCOT Industrial Estate Arneri Village, Sriperumbudur 602 105	

Report of the Directors

To

THE MEMBERS:

Your Directors present the Fifty Fourth Annual Report together with the audited accounts of your Company for the 18 months period ended September 30, 2014.

FINANCIAL RESULTS

(Rs. In Lakhs)

PARTICULARS	2013-14 (18 Months)	2012-13 (6 Months)
Profit / (Loss) before Depreciation and Taxation	(19019.26)	(7874.84)
Less : Depreciation	7224.56	2033.07
Less: Provision for Taxation	-	470.45
Profit / (Loss) after Taxation	(26243.82)	(10378.36)
Add : Balance brought forward from previous year	(38719.23)	(28340.87)
Balance carried to Balance Sheet	(64963.05)	(38719.23)
Basic and Diluted Earnings Per Share of face value of Rs. 10/- each. (in Rs.)	(65.07)	(39.13)

DIVIDEND

In view of loss for the period under review, no dividend has been recommended by the Board of Directors.

BUSINESS OPERATIONS

The Company's Net Sales for the 18 months period ended September 30, 2014 was Rs.96,679 Lakhs and the loss incurred during the same period was Rs. 26,244 Lakhs. The corresponding Net Sales and Loss figures of the previous year comprising six months period October 1, 2012 to March 31, 2013 was Rs. 30,422 Lakhs and Rs. 9,908 Lakhs respectively.

The slow down of the economy coupled with negative growth of Auto sector has severely impacted your company

The Company continued to face numerous challenges due to negative growth of the OEM market, uncertain power scenario, and sharp unremunerative price of end products. The Sriperumbudur Unit (SPU) Ramp-up with debottlenecking of capacity constraints and stabilization of production processes was slowed down.

TECHNOLOGY UPGRADATION/MODERNIZATION

The Company has invested substantially in energy efficient technologies and has implemented various processes which minimize waste. Commissioning of various equipment such as Maus Fettling Machine, Vent Drilling Machine and the improved material handling of cores has resulted in reduction of wastage, improved productivity and fewer breakages.

Capacity was added in the machine shop to handle more castings in finished form thereby increasing value addition and becoming a more preferred supplier of castings as the OEMs get ready to assemble components.

The particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 to the extent applicable are furnished in **Annexure - A** to this report.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposits from public within the meaning of Section 73 (1) of the Companies Act, 2013 during the period under review.

EXTENSION OF FINANCIAL YEAR 2013-14

The Financial Year 2013-14 was extended by six months upto September 30, 2014 with the permission of Registrar of Companies, Chennai

BORROWINGS

During the period, your Company has made an additional borrowings of Rs. 23,025 Lakhs and repaid Rs. 12,818 Lakhs of loans, on due dates.

CORPORATE GOVERNANCE

Your Company is fully compliant with the Corporate Governance requirements laid down in Clause 49 of the Listing Agreement. All the Directors (and also the members of the Senior Management of the rank General Managers and above) have confirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

Many of the Corporate Governance Voluntary Guidelines 2009, issued by the Ministry of Corporate Affairs are being followed by the Company. A detailed Report on Corporate Governance together

Report of the Directors

with Certification of the Managing Director and the Chief Financial Officer is furnished in **Annexure – B**. The certification of the Managing Director, on the adherence to the Code of Conduct, specified in said clause is provided separately.

The Statutory Auditors of the Company have examined the contents of the Corporate Governance with reference to Clause 49 of the Listing Agreement and have certified the compliance as required under the SEBI guidelines. The Certificate of the Statutory Auditors on Company's compliance with the Corporate Governance requirements is attached in **Annexure – C**. The Management Discussion and Analysis Report is attached in **Annexure – D**.

As required under Section 217(2AA) of the Companies Act, 1956 and Section 134(5) of the Companies Act, 2013 the Directors' Responsibility Statement is furnished in **Annexure – E** to this Report.

Related party disclosures / transactions are detailed in Notes forming part of the Accounts.

ISSUE OF SHARES

Pursuant to the approval of the shareholders at an Extraordinary General Meeting held on January 17, 2014, your Company has raised capital by the issue and allotment of :

- 1) 1,78,18,448 Equity Shares of the Company by way of Preferential Allotment to Hinduja Foundries Holding Limited, Mauritius, forming part of the "promoter" and "promoter group" of the Company at a price per equity share of Rs.34.15 aggregating Rs.60,84,99,999.
- 2) 2,61,05,417 Equity Shares of the Company of Rs.10/- each at a price of Rs.31.00 by way of Qualified Institutional Placement ("QIP") aggregating Rs.80,92,67,927.

MEETINGS OF BOARD OF DIRECTORS

Annual calendar of meetings of the Board/ Committees is usually finalized well before the beginning of the year after seeking concurrence of all Directors. The meetings are scheduled only if most of the directors agree for the same. In case any of the directors have a subsequent change of plan

and are not available for the meeting, effort is made to re-schedule the meeting provided the other Directors are available and willing to re-schedule. Where circumstances preclude the Chairman from attending the meeting, he entrusts an independent Director or a non-executive Director to chair the meeting. Wherever possible, Directors who are not able to attend the meetings, join the proceedings through video / audio conference. Further, in order to facilitate the smooth functioning of the company and out of necessity the board approves resolutions by circulation between two board meetings.

During the period ended September 30, 2014, the Board of Directors met seven times viz. on May 11, 2013, July 17, 2013, November 7, 2013, January 22, 2014, May 6, 2014, May 21, 2014 & July 26, 2014. The time gap between any two Board Meetings did not exceed four months

DIRECTORS

In terms of Article 106 of the Articles of Association of the Company, Mr. R Seshasayee is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer himself for reappointment.

During the period, Mr. F Sahami stepped down from the Board and the casual vacancy caused by his resignation was not filled up. Mr. T Anantha Narayanan was appointed as an Additional Director w.e.f. March 28, 2014, who holds office till the conclusion of the ensuing Annual General Meeting. The Company has received a notice proposing the name of Mr. T Anantha Narayanan for the Directorship. Mrs. Mohana Srinivasan was appointed as an Additional Director w.e.f. September 17, 2014 who holds office till the conclusion of the ensuing Annual General Meeting. Based on the declaration, she is being appointed as an independent director for a term of three consecutive years on a non rotational basis.

Pursuant to provisions of Section 149 and other applicable provisions / rules of Companies Act, 2013 and based on their eligibility, Mr. DJ Balaji Rao, Mr. S Ragothaman and Mr. Sridhar Venkiteswaran, Directors are being recommended for appointment as an Independent Director for a term upto three

Report of the Directors

consecutive years i.e. upto December 21, 2017, on a non-rotational basis.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Jean Brunol has resigned from the directorship of the company w.e.f November 10, 2014. The casual vacancy caused by his resignation was not filled-up.

Details of the proposals including profiles of the Directors for appointments / re-appointment as applicable are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 in the Notice to the 54th Annual General Meeting. Necessary resolutions are being placed before the shareholders for approval.

KEY MANAGERIAL PERSONNEL

Managing Director, Chief Financial Officer and Company Secretary are recognized as Key Managerial personnel with effect from April 1, 2014.

Mr. K R Ravi Shankar, Chief Financial Officer has been designated as whole time Key Managerial Personnel with effect from April 1, 2014 as per Section 203 of the Companies Act, 2013.

COST AUDITORS

Pursuant to the Industry vide Order No. 52/26/CAB/2010 dated 30.06.2011 issued by Ministry of Corporate Affairs, Cost Audit Branch, the Company, after obtaining due approval from the Central Government, has appointed M/s. GEEYES & CO; (Firm Registration Number 00044) as Cost Auditors for the audit of Cost Accounts (relevant to "Steel" Industry covering Chapter Heading 72 and 73 of Central Excise Tariff Act, 1985) in compliance with The Companies (Cost Audit Report) Rules 2011 and The Companies (Cost Accounting Record Rules) 2011 for the period ended September 30, 2014 (18 months). The Cost Audit Reports for the 18 months period ended September 30, 2014 will be filed with the MCA before due date.

The Board of Directors, subject to the approval of the Central Government, appointed M/s. GEEYES & CO as Cost Auditors for conducting Cost Audit for the financial year 2014-15. Cost Audit Reports for the financial year ended March 31, 2013 (from October 1, 2012 to March 31, 2013) were filed on due date.

SECRETARIAL AUDIT

As directed by Securities and Exchange Board of India (SEBI), a qualified Practicing Company Secretary carries out a Share Capital Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The findings of the secretarial audit were entirely satisfactory. Further to the above, the Company has complied with all the provisions of listing agreement in the current year under review.

STATUTORY AUDITORS

M/s. BSR and Company Chartered Accountants, retire at the close of this Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from them that their appointment will be within the limits prescribed under Section 141(3) (g) of the Companies Act, 2013. The Audit Committee of the Board has recommended their re-appointment for the year 2014-15. The necessary resolution is being placed before the shareholders for approval.

VOLUNTARY RETIREMENT SCHEME

The Company has implemented a Voluntary Retirement Scheme to the employees of company's Ductron Castings Unit located at Uppal, Hyderabad with an outgo of Rs. 1,129.53 Lakhs.

PERSONNEL

The Company continues to enjoy cordial relationship with its employees at all levels. The details of employee(s) as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended are furnished in **Annexure – F**.

Report of the Directors

FORWARD LOOKING STATEMENTS

This Report together with the annexures contains forward looking statements that involve risks and uncertainties. When used in this report, the words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, and other similar expressions as they relate to the Company and/or its business are intended to identify such forward looking statements. Neither the Company nor the Directors undertake any obligation to publicly update or revise any forward looking statements, whether as a result of any new information, future events, or otherwise.

We cannot, of course, guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties

materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

ACKNOWLEDGEMENT

The Directors wish to acknowledge and place on record their appreciation of the valuable advice and support received from Hinduja Automotive Ltd., UK (formerly LRLIH Limited) and Ashok Leyland Limited. The Directors wish to express their gratitude to the Government of India, Government of Tamil Nadu, Government of Telangana and other Government agencies. They also thank the Company’s Bankers, Shareholders, Customers and Suppliers and all the employees for their continued support.

By Order of the Board

Chennai
November 20, 2014

R.Seshasayee
Chairman

Annexure A to the Directors' Report

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

A) CONSERVATION OF ENERGY

Energy Conservation measures taken:

Energy Conservation is an ongoing process in our organization. Continuous monitoring, planning, development and modifications for energy conservation are done at the unit levels. These effective measures have contributed to maintain the energy cost within the desired levels. Wherever possible, the Company is taking effective measures for economizing on fuel and power. Some of the more significant projects implemented on a continuous basis across all the manufacturing plants are:

- a) In order to utilise the available maximum demand of power more effectively, Real Time Power Optimiser have been installed.
- b) Harmonic filters have been installed for improving power quality. This would facilitate :
 - i. reduction in maximum demand
 - ii. reduction of primary melting energy
 - iii. reduction in frequent failures of Electrical & Electronics control systems.
- c) use of Group Captive Coal based power and Energy Exchange power as an alternate source to address the power cut situation.
- d) Re-engineering the manufacturing flow to avoid idle movements and excess time.
- e) Process standardization carried out to reduce core wastes and thereby reducing power usage per unit of production.
- f) Utilization of High Speed Diesel for improving fuel efficiency and savings in diesel cost.
- g) Installation of energy management system in the induction furnaces and auto pour facility to ensure optimum power consumption.

h) Study is also done for improving the in-mold cooling of castings and avoiding conventional heat treatment of the castings.

i) Effective measures for utilization and conservation of other non-conventional energy resources like wind power, gas power etc. are in line with the emerging environmental needs.

B) TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D is carried out by the Company:

The Company has established R & D Centre and is engaged in indigenization and horizontal deployment of technologies either acquired or mutually developed with associates.

The Company's R & D is engaged in several areas as outlined below:

- a) Design and development of new technology products like successful development of indigenous technology compacted graphite iron for cylinder blocks and heads.
- b) Design, quality and feature enhancements through technology migration by successful development of 4 valve cylinder heads.
- c) Deployment of technologies in processes to complement innovative design solutions for growth and for market requirements.
- d) Value engineering and cost effective alternatives development for competitive advantage and efforts are also being taken to innovate new designs in castings including weight optimization.

2. Benefits derived as a result of the above R & D:

- a) Meeting the customers demand and targets on quality, cost and delivery of new products and its variants.

Annexure A to the Directors' Report

- b) Substitute for imports and development of products with validated Intellectual Property Rights (IPR) and regulations through benchmark studies.
- c) Identifying and implementing emerging technologies and production processes and their deployment horizontally in applicable products.
- d) Improved dimensional accuracy and production of higher quality and better surface finish castings in a lesser span of time for development.

3. Future plan of action:

- a) Development of technology for avoiding of age-cracking of alloy steel castings.
- b) Development of technology to avoid / reduce surface decarburization during heat treatment of Steel.
- c) Deploy value engineering solutions across product range for cost reduction, quality enhancement and competitiveness through waste elimination.
- d) Adoption of collaborative product design and development processes with customers and suppliers for enhanced competitiveness in cost and quality.

4. Expenditure on R & D: (Rs. in Lakhs)

a. Capital	:	5.42
b. Recurring	:	171.29
c. Total	:	176.71
d. Total R & D expenditure as a percentage of total turnover	:	0.18%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

- a) Development of aluminium cylinder heads for diesel engines from LPDC to GDC.

- b) Extensive utilization of compacted graphite in machining of cylinder blocks and heads.
- c) Installation of automatic sand mixer to reduce energy requirements for hot metal holding.
- d) Installation of Auto pour facility.
- e) Well defined systems and programs for product, process and material developments.

2. Benefits derived as a result of the above efforts:

- a) The Company is keeping abreast of contemporary technologies in the foundry industry and is in a position to manufacture castings to meet high expectations of customers.
- b) Product improvement and import substitution are also in store as a result of the above efforts.
- c) Cost reduction in an inflationary environment.

3. Other information:

a) Technology imported

Appropriate prototype technology for development of commercial vehicle blocks and heads have been imported.

b) Has technology been fully absorbed, if not fully absorbed, areas where this has not taken place, reasons therefor and future course of action:

Technology so acquired has been used in relation to the product for which it is intended. As a further step, utilizing the same in the other related areas is contemplated.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of earnings and outgo of foreign exchange are given in notes forming part of financial statements. The Company continues to strive to improve the export earnings.

Annexure B to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

Your Company is committed to good Corporate Governance, based on an effective Independent Board, separation of supervisory role from the executive management and the constitution of Committees to oversee critical areas.

1. PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's Corporate Governance philosophy encompasses not only regulatory and legal requirements but also strives to enhance shareholders' value through

- good strategic direction
- sound business decisions
- prudent financial management
- high standards of ethics throughout the organisation
- ensuring transparency and professionalism in all decision making processes relating to transactions of the Company and
- achieving excellence in Corporate Governance through:
 - conforming to the prevalent mandatory stipulations/guidelines on Corporate Governance.
 - Regular review of the Board processes and the management systems for further improvement.

Your Company has adopted a Code of Conduct for Members of the Board and senior management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code.

Pursuant to Clause 49 of the Listing Agreement, a confirmation from the Managing Director of the Company regarding compliance with the Code by all members of the Board and senior management is given on Page 22 of the Annual Report. The full text of the Code is furnished at the end of this Report, and is also displayed on the Company's website www.hindujafoundries.com

2. BOARD OF DIRECTORS

(i) Composition and Membership in other Boards and Board Committees

The Board consisting of nine members with more than 50% are independent directors. Mr.R.Seshasayee is the Chairman.

The composition of the Board and details of membership of Directors in other Board and Board Committees :

Category	Name	% to the total number of Directors	Membership	
			Other Boards	Other Board Committees
Non-Executive Non – Independent Directors	Mr. R Seshasayee Chairman	33.33	8 (As Chairman – 4)	4 (As Chairman – 2)
	Mr. D G Hinduja Co-Chairman (Alternate Director Mr. Y.M.Kale till 26.07.2014)		7 (As Chairman - 2)	0
	Mr. T Anantha Narayanan (being appointed as a Director)		6 (As Chairman – 1)	3 (As Chairman – 1)

Annexure B to the Directors' Report

Category	Name	% to the total number of Directors	Membership	
			Other Boards	Other Board Committees
Non-Executive Independent Directors	Mr. D J Balaji Rao	55.56	6	6 (As Chairman – 2)
	Mr. S Ragothaman		8 (As Chairman – 1)	5 (As Chairman – 2)
	Mr. Jean Brunol		1	-
	Mr. Sridhar Venkiteswaran		-	-
	Mrs. Mohana Srinivasan (Being appointed as Director)		-	-
Executive Director	Mr. GRV Rajan	11.11	1	-

Notes:

- None of the above Directors are related to each other.
- Other Directorships exclude Foreign Companies, Private Limited Companies and Alternate Directorships.
- Only membership in Audit Committees and Shareholders'/Investors' Grievance Committees (other than HFL) of Public Limited Companies are reckoned for Other Board Committee memberships.
- During the 18 months period ended September 30, 2014, under review, none of the Directors of the Company was a member of more than 10 specified Committees or Chairman of more than 5 such Committees in companies in which he was a Director.
- Non-Executive Directors are entitled to a sitting fee of Rs.20,000/- for attending each of the Board/Committee Meetings.
- Mr. F Sahami resigned as a Director w.e.f. March 28, 2014.
- Mr. T Anantha Narayanan was appointed as an Additional Director w.e.f. March 28, 2014.
- Mrs. Mohana Srinivasan was appointed as an Additional Director w.e.f. September 17, 2014. On her declaration, she is being appointed as an independent director.

(ii) Board Meetings and attendance at Board Meetings and Annual General Meeting

The Board of Directors met seven times during the 18 months period ended September 30, 2014 and the details are as under :

Date of Meeting	Board Strength	No. of Directors Present
May 11, 2013	9	8
July 17, 2013	8	8
November 7, 2013	8	7
January 22, 2014	8	6
May 6, 2014	8	7
May 21, 2014	8	7
July 26, 2014	8	7

Annexure B to the Directors' Report

Video Conferencing facilities were also provided to facilitate Directors who were not able to be present physically at the location where the meeting is held to enable them to participate in the meeting.

The time gap between any two Board Meetings did not exceed four months.

The following are the details of attendance of each director at the Board Meetings and last Annual General Meeting held on September 26, 2013:

Name of Director	No. of Board Meetings Attended	Attendance at AGM
Mr. R Seshasayee	7	YES
Mr. D.G. Hinduja	6	NO
Mr. F Sahami (Resigned on 28.03.2014)	4	YES
Mr. D J Balaji Rao	7	NO
Mr. S Ragothaman	5	NO
Mr. Sridhar Venkiteswaran	6	YES
Mr. Jean Brunol	5	NO
Mr.GRV Rajan	5	YES
Mr. Y M Kale, Alternate Director (Vacated the office on 26.07.2014)	-	NO
Mr. T Anantha Narayanan (w.e.f. 28.03.2014)	3	N.A
Mohana Srinivasan (w.e.f. 17.09.2014)	N.A.	N.A.

SECRETARIAL STANDARDS

The Institute of Company Secretaries of India (ICSI) has published Standards on Secretarial practices relating to the meetings of the Board / Committees, General Meetings, Dividends etc., The Secretarial and the operating practices are in line with the above Secretarial Standards. Information required as per Annexure-1 to Clause 49 of the Listing Agreement with Stock Exchanges is provided to the Board at every meeting.

3. AUDIT COMMITTEE

(i) Terms of Reference

- i. Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same

Annexure B to the Directors' Report

- c. Major accounting entries involving estimates based on the exercise of judgment by management
- d. Significant adjustments made in the financial statements arising out of audit findings
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications in the draft audit report
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Annexure B to the Directors' Report

(ii) Composition of the Audit Committee:

The Audit Committee comprises of the following members:

Sl. No.	Name	Category
1	D J Balaji Rao – Chairman	Non-Executive, Independent
2	S Ragothaman	Non – Executive, Independent
3	Sridhar Venkiteswaran	Non-Executive, Independent

All the members of the Audit Committee have expertise in financial and general management

Mr.D. J. Balaji Rao, the Chairman of the Committee had been the Deputy Managing Director of the then ICICI Limited (now ICICI Bank Limited) and Managing Director of Infrastructure Development Finance Company Limited.

Mr.S. Ragothaman, a Chartered Accountant by qualification had been associated for nearly 27 years with the then ICICI Limited (now ICICI Bank Limited) in Project Evaluation , Term Lending etc.,

Mr. Sridhar Venkiteswaran is an entrepreneur and a key founding member and Director of the India based Avalon Group engaged in strategy and performance improvement consulting, business research and marketing analysis serving global clients.

Mr. M Govind Joshi, Company Secretary was the Secretary to the Committee upto January 22, 2014.

With effect from January 23, 2014, Mr. S Venkatasubramanian, Company Secretary is the Secretary to the Committee

The Managing Director, Chief Financial Officer, Head of Internal Audit and representatives of Statutory Auditors and Cost Auditors are permanent invitees to the Audit Committee and the Company Secretary is the Secretary to the Committee. Other functional heads will be invited as and when required for.

(iii) Meetings and Attendance

Date of Meeting	Committee Strength	No. of Directors Present
May 11, 2013	4	4
July 17, 2013	4	4
November 7, 2013	4	3
January 22, 2014	4	3
May 6, 2014	3	3
July 26, 2014	3	2

4. NOMINATION AND REMUNERATION COMMITTEE

(i) Terms of Reference

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Annexure B to the Directors' Report

- (d) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (e) formulation of criteria for evaluation of Independent Directors and the Board;
- (f) devising a policy on Board diversity;
- (g) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

(ii) Composition, Meetings and Attendance

Sl. No.	Name	Category
1	Mr. S. Ragothaman	Non-Executive, Independent
2	Mr. R. Seshasayee	Non-Executive, Non-Independent
3	Mr. D G Hinduja	Non-Executive, Non-Independent

The Company Secretary is the Secretary to the Committee.

One meeting of Nomination and Remuneration Committee was held on July 17, 2013, during the 18 months period ended September 30, 2014.

(iii) Remuneration Policy:

The following is the managerial remuneration policy of the Company:

(a) For Managing Director:

The remuneration to Managing Director consists of fixed and variable components. The fixed component includes salary, allowances and other perquisites. The variable component is linked to the performance of the Company and the incumbent. It is paid in the form of commission on the net profits as recommended by the Committee. MD is not eligible to receive sitting fees.

(b) Non-Executive Directors:

The Non-Executive Directors are paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Companies Act, 1956 and the Articles of Association of the Company. In addition to this, the travel and other expenses incurred for attending the meetings are reimbursed. The Company has no pecuniary or transactions with any nonexecutive director.

(iv) Remuneration paid for 2013-14 (18 months period ended September 30, 2014)

- a. Non-Executive Directors – Sitting fees (excluding reimbursement of travel and other expenses incurred on Company's business.)

Name of Director	Amount (Rs.)
Mr. R Seshasayee (*)	60,000
Mr. D G Hinduja (*)	1,80,000
Mr. F Sahami	1,60,000
Mr. D J Balaji Rao	3,40,000
Mr. S Ragothaman	3,00,000
Mr. Sridhar Venkiteswaran	3,00,000
Mr. Jean Brunol	1,80,000
Mr. T Anantha Narayanan	60,000
TOTAL	15,80,000

Annexure B to the Directors' Report

b. Managing Director

Description	Amount (Rs.)
Salary & Allowances	1,68,94,488
Contribution to Provident and Other Funds	6,96,697
Perquisites* *	15,84,710
Commission	Nil
Total	1,91,75,895

* Sitting fees waived by Mr. R Seshasayee and Mr. DG Hinduja w.e.f. July 17, 2013 & July 26, 2014, respectively till further notice.

** Certain perquisites are valued as per the provisions of the Income-Tax Act.

Mr. B Swaminathan, Managing Director was under contract of employment with the Company until he resigned from his position w.e.f. July 17, 2013. Neither severance fee nor Employee Stock option was offered by the Company to Mr. B. Swaminathan.

Mr. GRV Rajan was appointed as Managing Director of the Company w.e.f. July 17, 2013.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

(i) Terms of Reference

- shall consider and resolve the grievances of debentureholders, shareholders and fixed deposits holders of the company.
- Any other matters referred to by the Board in relation to the stakeholders.

Upon the requirements of the Clause 49 of the Listing Agreement, this committee was formed and it oversees redressal of shareholder and investor grievances and approves issue of share certificates arising out of loss/destruction, sub-division, consolidation, rematerialization etc.

The Committee also reviews the performance of the Company's Registrar and Transfer Agents (R & TA) and their system of dealing with and responding to correspondence from all categories of shareholders. The manner and timelines of dealing with complaint letters received from Stock Exchanges / SEBI / Ministry of Corporate Affairs etc., and the responses thereto are reviewed by this Committee.

Based on the delegated powers of the Board of Directors, the Managing Director approves the share transfers / transmissions on a regular basis and the same is reported to at the next meeting of the Committee, normally held at every quarter.

(ii) Composition, Meetings and Attendance

Sl. No.	Name	Category
1	Mr. R Seshasayee	Non-Executive, Non-Independent
2	Mr. GRV Rajan	Executive, Managing Director
3	Mr. S Ragothaman	Non-Executive, Independent

The following are the details of the meeting and attendance of the Committee:

Date of Meeting	Strength	No. of Members present
May 11, 2013	3	3
July 17, 2013	3	3
November 7, 2013	3	2
January 22, 2014	3	2
May 6, 2014	3	3
July 26, 2014	3	3

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(iii) Details of complaints received and redressed

During the 18 months period ended September 30, 2014, 42 complaints were received, which were redressed to the satisfaction of the complainants. There were no pending complaints at the year - end.

6. RISK ASSESSMENT AND MINIMISATION PROCEDURE

The Company has formulated an integrated approach for identifying, assessing, prioritizing, mitigating, monitoring and reporting business risks across the organization. The implementation of this system is through the Risk Management Steering Committee at the Corporate Office and is supported at the plant by the Plant Risk Management Committee. Discussions are being held with functional heads at frequent intervals explaining the ERM process, preparation of specific set of risks applicable to the plants and firming up the ERM plan etc. Further, the Company has laid down procedures to inform Board Members about risk management and minimization procedures.

A Risk Management Committee of the Board is being constituted.

7. GENERAL BODY MEETINGS

Details of Annual General Meetings and Extra-Ordinary General Meetings:

ANNUAL GENERAL MEETING

AGM	YEAR	VENUE	DATE	TIME
50	2011	Rani Seethai Hall 603, Anna Salai, Chennai 600 006	July 20, 2011	3.00 p.m.
51	2012 (18 months)	Rani Seethai Hall 603, Anna Salai, Chennai 600 006	December 28, 2012	10.00 p.m.
52	2013 (6 months)	Rani Seethai Hall 603, Anna Salai, Chennai 600 006	September 26, 2013	10.00 a.m.

Mr. D J Balaji Rao, Audit Committee Chairman was not available to attend 53rd AGM held on September 26, 2013. The Board nominated Mr. Sridhar Venkiteswaran as an alternate Chairman of the Audit Committee for attending the 53rd AGM.

All special resolutions passed in the last three AGM's were passed with requisite majority on show off hands by the shareholders present at the meeting.

EXTRA ORDINARY GENERAL MEETING

AAAn extraordinary general meeting of the Company was held as under wherein the shareholders of the Company approved unanimously all the special businesses that were transacted at the meeting.

EGM	YEAR	VENUE	DATE	TIME
1	2014	Sri Thyaga Brahma Gana Sabha (Vani Mahal), 103, GN Chetty Road, T Nagar, Chennai 600 017	January 17, 2014	10.00 a.m.

8. DISCLOSURES

i. Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large

There were no materially significant related party transactions that had potential conflict with the interests of the Company at large.

ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities on any matter relating to Capital markets during the last three years.

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The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authorities on matters relating to Capital Markets in the last three years.

iii. Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee

The Board of Directors of the Company at their meeting held on July 26, 2014 accorded approval for implementation of Whistle Blower Policy in the Company. A copy of the Whistle Blower Policy is being displayed in the company's website.

The Company conducts regular employee meets where employees have a chance to interact directly with the Managing Director of the Company. Besides this the Managing Director is reachable via email and landline. Any issue brought to the attention of the management whether resolved or not is placed before the Audit Committee for its perusal, and comments.

iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49.

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of Clause 49 of the Listing Agreement.

The Company has complied the following non-mandatory requirements:

Nomination and Remuneration Committee of the Board of Directors of the Company has been set up and the particulars of the Committee are given in this report itself.

9. MEANS OF COMMUNICATION

- (a) As stipulated under Clause 41 of the Listing Agreement, the Quarterly Results are published in one English National Newspaper and one Tamil Newspaper within 48 hours of the conclusion of the Board Meeting in which the results are approved. They are also displayed in the website of the Company www.hindujafoundries.com
- (b) The Company's website also displays official press/news releases and several other details/information of interest to various stakeholders.
- (c) A Management Discussion and Analysis Report is being presented as part of the Directors' Report.
- (d) Green Initiative: As part of Green initiative, the Company sent request to shareholders on September 26, 2013 and January 17, 2014 and sought their concurrence to send all communications to them by electronic mail. The Company is committed to good and faster communication to all shareholders and in this regard the Company will take the support of the Depository Participants and Registrar & Share Transfer Agents to ensure that the shareholders receive communication in a fast and effective way.

10. CODE OF CONDUCT

The Board of Directors of the Company at their meeting held on July 26, 2014 adopted the revised Code of Conduct in line with Companies Act, 2013 and SEBI Regulations by incorporating the duties of Independent Director and the same is displayed in the company's website.

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. All Board Members and Senior Management personnel have affirmed their compliance with the Code of Conduct for the year under review.

Pursuant to Clause 49 (1) (D) of the Listing Agreement, a confirmation from the Managing Director of the Company regarding compliance with the Code by all members of the Board and Senior Management has been obtained.

11. CODE FOR PREVENTION OF INSIDER TRADING

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all Directors / Officers / Designated Employees. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information. During the period (18 months period ended

Annexure B to the Directors' Report

September 30, 2014) under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992.

12. GENERAL SHAREHOLDER INFORMATION

i. 54th Annual General Meeting

Day : Monday
Date : December 22, 2014
Venue : Rani Seethai Hall, 603, Anna Salai, Chennai – 600 006.

ii. Financial Calendar

FINANCIAL YEAR

First quarter results	Before Second week of February 2015
Second quarter results	Before Second week of May 2015
Third quarter results	Before Second week of August 2015
Fourth quarter results	Before end of November 2015

iii. Closure Dates : December 16, 2014 to December 22, 2014 (both days inclusive).

iv. Dividend payment date : N.A.

v. Listing/Stock Code of equity shares

NAME OF EXCHANGE	STOCK CODE
Madras Stock Exchange Limited (MSE) *	HFL
Bombay Stock Exchange Limited (BSE)	505982
National Stock Exchange Limited (NSE)	HINDUJAFO

* As per SEBI Directive, the Company has voluntarily delisted its securities from Madras Stock Exchange w.e.f. 25th September, 2014

vi. MARKET PRICE DATA

MONTH & YEAR	BOMBAY STOCK EXCHANGE				NATIONAL STOCK EXCHANGE			
	Share Price (Rs.)		Sensex		Share Price (Rs.)		S & P CNX Nifty points	
	High	Low	High	Low	High	Low	High	Low
Apr – 13	43.50	34.65	19,622.68	18,144.22	43.60	35.00	5962.30	5477.20
May – 13	43.85	30.60	20,443.62	19,451.26	42.00	32.85	6229.45	5910.95
June– 13	35.75	24.85	19,860.19	18,467.16	36.30	27.30	6011.00	5566.25
July – 13	35.00	24.50	20,351.06	19,126.82	38.15	27.15	6093.35	5675.75
Aug - 13	35.00	25.25	19,569.20	17,448.71	30.50	26.50	5808.50	5118.85
Sept-13	34.00	27.80	20,739.69	18,166.17	-	-	6142.50	5318.90
Oct-13	34.90	29.00	21,205.44	19,264.72	36.00	29.00	6309.05	5700.95
Nov-13	34.00	30.00	21,321.53	20,137.67	-	-	6342.95	5972.45
Dec-13	38.00	31.75	21,483.74	20,568.70	37.40	33.80	6415.25	6129.95
Jan-14	37.95	26.35	21,409.66	20,343.78	36.00	26.85	6358.30	6027.25
Feb-14	29.90	24.20	21,140.51	19,963.12	29.00	24.25	6282.70	5933.30
Mar-14	32.75	23.55	22,467.21	20,920.98	32.90	23.70	6730.05	6212.25
Apr-14	43.55	31.00	22,939.31	22,197.51	44.65	29.15	6869.85	6650.40
May-14	48.55	30.00	25,375.63	22,277.04	49.90	29.05	7563.50	6638.55
June-14	45.50	38.70	25,725.12	24,270.20	46.90	38.35	7700.05	7239.50
July-14	46.05	35.00	26,300.17	24,892.00	45.40	34.10	7840.95	7422.15
Aug-14	38.00	33.10	26,674.38	25,232.82	39.00	33.20	7968.25	7540.10
Sept-14	58.55	34.60	27,354.99	26,220.49	57.45	35.40	8180.20	7841.80

Annexure B to the Directors' Report

vii. REGISTRAR AND SHARE TRANSFER AGENTS

All share registry work in respect of both physical and demat segments are handled by a single common agency M/s. Integrated Enterprises (I) Ltd., II floor, "Kences Towers" 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 as the Registrar and Transfer Agent (R & TA) of the Company for all aspects of Investor servicing relating to shares.

viii. SHARE TRANSFER SYSTEM

The authority relating to transfer, transmission and transposition of shares are vested with the Shareholders'/Investors' Grievance Committee. In order to speed up the process of transfer related activities, the said Committee has authorized the Managing Director to approve all routine transfer, transmission and transposition of the shares.

ix. DISTRIBUTION OF SHAREHOLDING AS ON SEPTEMBER 30, 2014

Range	Shareholders		Shares	
	Number	%	Number	%
1 - 50	3828	45.16	73497	0.101
51 - 100	1540	18.17	126300	0.174
101 - 200	1279	15.09	197458	0.272
201 - 500	1081	12.75	360721	0.496
501 - 1000	411	4.85	308742	0.425
1001 - 2000	178	2.10	249610	0.344
2001 - 5000	89	1.05	291667	0.401
5001 - 10000	32	0.38	223174	0.307
10001 and above	39	0.46	70823407	97.480
	8477	100.000	72654576	100.000

x. SHAREHOLDING PATTERN AS ON SEPTEMBER 30, 2014

Sl. No.	Category	No. of Shareholders	No. of Shares	%
A.	Promoters			
1	Hinduja Automotive Limited – U.K.	1	14814609	20.39
2	Hinduja Foundries Holding Limited. Mauritius	1	17818448	24.52
3	Ashok Leyland Limited	1	5405793	7.44
	Total Promoter holding	3	38038850	52.36
B.	Others			
1	Residents (Individuals / Clearing members)	8245	2723939	3.75
2	Financial Institutions / Insurance Co. / Banks / UTI	2	4011	0.01
3	Foreign Institutional Investors	6	29053816	39.99
4	Bodies Corporate	153	1586319	2.18
5	Directors & Relatives	2	5290	0.01
6	Non Resident Indians	63	21130	0.02
7	Foreign National	1	80	0.00
8	Trusts	1	141	0.00
9	Overseas Depository for GDRs	1	1221000	1.68
	Total non-promoter holding	8474	34615726	47.64
	Total	8477	72654576	100.00

Annexure B to the Directors' Report

xi. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The shares, listed in BSE, NSE and MSE, are to be traded only in dematerialized form. The ISIN of the shares is INE291F01016. The shares are traded on BSE and NSE, but no trading has taken place in MSE since December 2000.

As on September 30, 2014, 72404548 shares were held in dematerialized form representing 99.66 % of the total shares. The balance was held in physical form.

xii. PLANT LOCATIONS:

Ennore	Kathivakkam High Road, Ennore, Chennai 600 057.
Hyderabad	Ductron Castings Unit, B-15, IDA, Uppal, Hyderabad 500 039.
Sriperumbudur	Plot K-2, SIPCOT Industrial Estate, Arneri Village, Sriperumbudur - 602 105 Kanchipuram District

xiii. ADDRESS FOR CORRESPONDENCE

Investors may contact the Registrar and Transfer Agents for matters relating to shares, dividends, Annual Reports and related issues at the following address:

M/s. Integrated Enterprises (I) Ltd

II Floor, "Kences Towers",
No. 1, Ramakrishna Street,
Off North Usman Road,
T Nagar, Chennai 600 017

Phone : 044 – 28140801 – 03
Fax : 044 – 28142479
E-Mail : corpserv@iepindia.com

For other general matters or in case of any difficulties/grievances investors may contact:

Mr. S Venkatasubramanian
Company Secretary & Compliance Officer
Hinduja Foundries Limited
Kathivakkam High Road
Ennore, Chennai 600 057

Phone : 044 – 25752103/ 044 – 42016742
Fax : 044 – 25750390/ 044 – 42021443
E-Mail : svs@hindujafoundries.com
secretarial@hindujafoundries.com

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Certification by Managing Director and Chief Financial Officer to the Board:

We, GRV Rajan, Managing Director and K R Ravi Shankar, Chief Financial Officer of Hinduja Foundries Limited hereby certify that:

- a. We have reviewed the financial statements and the cash flow statement for the 18 months period ended September 30, 2014 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Statutory Auditors and the Audit Committee that:
 - i) There has not been any significant change in the internal control over financial reporting during the year under review.
 - ii) There has not been any significant change in the accounting policies during the year requiring disclosure in the notes to the financial statements and
 - iii) To the best of our knowledge and belief, there was no instance of any significant fraud during the year with the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Chennai
November 20, 2014

GRV RAJAN
Managing Director

K R RAVI SHANKAR
Chief Financial Officer

CODE OF CONDUCT

Members of the Board and the Senior Management, shall

- a) Always act in the best interests of the Company and its stakeholders.
- b) Adopt the highest Standards of personal ethics, integrity, confidentiality and discipline with all matters relating to the Company.
- c) Apply themselves diligently and objectively in discharging their responsibilities and contribute to the conduct of the business and the progress of the Company, and not be associated simultaneously with competing organization either as a Director or in any managerial or advisory capacity, without the prior approval of the Board.
- d) Always adhere and conform to the various statutory and mandatory regulations/ guidelines applicable to the operations of the Company avoiding violations or non-conformities.
- e) Not derive personal benefit or undue advantages (financial or otherwise) by virtue of their position or relationship with the Company, and for this purpose

Annexure B to the Directors' Report

- f)
1. Shall adopt total transparency in their dealings with the Company.
 2. Shall disclose full details of any direct or indirect personal interests in dealings/transactions with the Company.
 3. Shall not be party to transactions or decisions involving conflict between their personal interest and the Company's interest.
 4. Conduct themselves and their activities outside the Company in such manner as not to adversely affect the image or reputation of the Company.
 5. Inform the Company immediately if there is any personal development (relating to his/her business/professional activities) which could be incompatible with the level and stature of his position and responsibility with the Company.
 6. Bring to the attention of the Board, Chairman or the Managing Director as appropriate, any information or development either within the Company (relating to its employees or other stakeholders) or external, which could impact the Company's operations and which in the normal course, may not have come to the knowledge of the Board/Chairman or Managing Director.
 7. Always abide by the Code of Conduct, and shall be accountable to the Board for their actions/violations/defaults.

In addition to the above, an Independent Director on the Board of the Company shall:

1. exercise his/her responsibilities in a bona fide manner in the interest of the company;
2. devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
3. not allow any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
4. not abuse his/her position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
5. refrain from any action that would lead to loss of his/her independence;
6. where circumstances arise which make an independent director lose his/her independence, the independent director must immediately inform the Board accordingly.
7. assist the company in implementing the best corporate governance practices.

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Pursuant to clause I (D) of Clause 49 of the Listing Agreement, it is hereby affirmed that for the 18 months period ended September 30, 2014 all the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company

Chennai
November 20, 2014

GRV RAJAN
Managing Director

Annexure C to the Directors' Report

Auditors' Certification on Corporate Governance

To

The Members of **Hinduja Foundries Limited**

We have examined the compliance of conditions of Corporate Governance by Hinduja Foundries Limited ("the Company") for the period (Eighteen Months Period) ended on September 30, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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 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 B S R and Company

Chartered Accountants

Firm Regn No : 128900W

S Sethuraman

Partner

Membership No : 203491

Chennai

November 20, 2014

Annexure D to the Directors' Report

Management Discussion and Analysis Report

The Foundry Scene

The Indian foundry industry produces an estimated 10 million metric tons of various grades of castings to international standards. Castings find application in diverse industries such as automobiles, railways, pumps, compressors, valves, diesel engines, cement /electrical /textile machinery and aeronautics. Foundry products are broadly classified as grey iron, SG iron, malleable iron, steel and non-ferrous castings. Grey iron castings account for approximately 65% of the total castings production.

There are approximately 4500 foundries in India, of which 80% are small-scale units, 10% classified as medium and 10% large scale units. Some of the medium and large-scale foundries are modern, globally competitive and have international quality accreditation. There is growing awareness about environment and many foundries are switching over to less polluting induction furnaces and coke-less cupolas in grey iron and steel casting sector. Foundries are generally working towards energy conservation in all areas of casting production.

In 2013-14, foundry industry grew by 3% over the previous year. The main growth driver was the growth of the tractor industry due to good monsoons.

Hinduja Foundries Limited produces castings for engines used in automotive, agricultural machinery (tractors) and construction equipment sectors. The company almost entirely operates in the niche segment of cast iron cylinder blocks, cylinder heads and transmission housings.

Economy - Growth and Outlook

The growth of Indian economy has considerably slowed down during the past two years and GDP growth (at constant prices) for 2013-14 was 4.7%. Domestic structural constraints such as delays in project approval and inflationary pressures, coupled with general slowdown in global economy

have contributed to prolonged slowdown. GDP growth in 2014-15 is expected to remain on the lower side owing to gradual steps being taken to restart investment cycle, elevated levels of inflation, expectation of below than normal monsoon and geo-political tensions. With expectation of better performance in manufacturing, improved balance of payments situation and modest growth revival, Indian economy is expected to grow in the range of 5.4 - 5.9%. It is expected that RBI would continue to adopt a conservative policy on interest rate in view to rein in inflation.

Automotive Industry

During 2013-14, while sale of passenger vehicle, LCV and M & HCV declined during fiscal 2013-14, tractor sales grew by 18% due to good monsoon and increased thrust on farm mechanization. Sale of medium and heavy commercial vehicles (M&HCV) declined by 22% to 224,440 vehicles during 2013-14 as compared to 288,213 vehicles during 2012-13 due to high lower economic growth and high interest rates. Sale of light commercial vehicles (LCV) dropped by 17% to 485,354 vehicles during 2013-14 as compared to 585,025 vehicles in 2012-13. Despite new vehicle launch by passenger vehicle (cars, vans and utility vehicles) manufacturers, sale of passenger vehicles (PV) declined by 4% to 30.97 lakh vehicles as compared to 32.24 lakh vehicles during 2012-13.

Tractor sales rose by 18% to an all-time high of 6.97 lakh units in 2013-14. The significant increase in sales was mainly due to a very good monsoon, improved mechanization, increase in minimum support prices of crops and lower availability of farm labour.

With some early signs of recovery, SIAM is optimistic of the automotive industry ending on a positive note in 2014-15. The M&HCV segment, that had experienced de-growth for the last 30 months, has grown by 8% during the six month period April-September 2014 over the corresponding period last

Annexure D to the Directors' Report

year due to continuation of excise duty concession, and improved customer sentiment. However, during this April-September 2014 period, sales of LCVs fell by 12.4%, sales of Tractor fell by 2.1%, and sales of PV grew marginally by 3.2% over sales during corresponding period in 2013.

Company Performance

In this backdrop, the company achieved gross production of 137,152 MT and sales of 125,391 MT in 18 months period from April 2013-September 2014 compared to gross production of 42,100 MT and sales of 40,052 MT in 6 months period October 2012- March 2013. The 4.3% increase in sales volume on pro-rata basis was on the account of growth in tractor segment during 12 months period April 2013-March 2014 coupled with the growth in M&HCV segment during the period April-September 2014. In passenger vehicle segment, due to periodic rise in diesel fuel prices, increased preference of customer for petrol vehicles that predominantly use aluminum cylinder blocks, impacted sale of diesel vehicles that use cast iron blocks. This impacted the demand for diesel blocks produced by the company from customer such as Hyundai Motor and Renault-Nissan.

During the period under review, the company stabilized production of a number of new products for customers such as Hyundai Motor, John Deere, Tata Cummins, Mahindra & Mahindra and Ashok Leyland. The company was awarded the "Best Localization" award from Hyundai Motor for timely development and quality of 3 models of diesel blocks.

Due to the market downturn during the period under review, the overall capacity utilization of the company was around 65%. Improving capacity utilization continues to a major challenge in prevailing market condition and in order to improve capacity utilization, the company is actively pursuing new business opportunities with existing

and prospective customers. The company is at an advanced stage of securing new business with sales potential of 7000 MT per annum. The company is also pursuing improvement in its share-of-business with customers by exceeding their expectation on quality, delivery, development and management.

With the intent to improve value addition for customer, the company has increased supply of machined castings during the period under review. The company is focusing upon further increasing the supply of machined castings in the coming year through improved utilization of investments made in machining facility.

In order to improve operational efficiencies, reduce production cost and improve profitability, the company has initiated cross functional projects to reduce consumption of consumables, reduce rejections, reduce specific energy consumption and improve throughput. The benefit of these initiatives will be seen in the coming year.

During the year under review, employee cost accounted for 19.4 % of revenue, which is significantly higher than the average employee cost of 10-12% of foundries of similar size and complexity. The company has initiated right-sizing of employees and has made considerable progress in right-sizing its workforce and executive strength at its Sriperumbudur and Ductron plants. Discussions with the workmen union for right-sizing of workforce at Ennore plant is at an advanced stage. The company is targeting to achieve right-sizing of workforce and executive strength during January-March 2015 quarter.

Although losses during the past few years have partly been funded by timely equity infusion, the debt burden of the company has also gone up. Debt servicing cost during the period under review has been controlled at 10.5% despite high interest rates.

Annexure D to the Directors' Report

Internal Control Systems and their Adequacy

The company has an internal audit department (IA) that periodically reviews the adequacy and effectiveness of internal controls. The system of internal controls focus on safety, correct and timely recording of transactions, prompt reporting of transactions, compliance with applicable statutes, internal operating guidelines, capital investments and review of business plans. The system of internal audit is designed to bring out the weaknesses in internal control system, especially areas that escape the grip of regular control mechanisms. These control weaknesses are reviewed periodically; issues are discussed with unit operations and finance heads; and corrective steps taken wherever required.

Financial & Operational Performance

Net sales for the 18 month period April 2013-September 2014 were Rs.993.95 Crores compared to Rs.304.21 Crores during the 6 month period October 2012-March 2013 of previous financial year, a growth of 8.9% on pro-rata basis. The growth of 8.9% in net sales was due to volume growth of 4.3% and 5.6% improvement in sales realization. Sales realization improved to Rs.79,200 per MT compared to Rs.74,987 per MT during the period under review due to favorable

change in product mix. However, high levels of domestic inflation adversely affected input costs and the company had to absorb most of the input cost increases. The company has approached all customers for increase in product price to compensate for cost escalation. The company hopeful of passing on a portion of the cost increases to its customers. Power supply continued to be restricted in Tamil Nadu and Andhra Pradesh.

Net loss before tax during this 18 month period was Rs.26,244 Lakh compared to Rs. 9,908 lakh during the 6 month period October 2012- March 2013 of previous financial year.

Development in Human Resources / Industrial Relations Front

The company continues to develop skill sets of its employees with a view to enhance individual's growth, meet technological changes and exceed customer expectations. The company continues to maintain cordial relations with all employees. The company has implemented a VRS scheme at DCU plant, Hyderabad with an outgo of Rupees 1129.53 lakhs.

The Directors acknowledge the contribution of all employees towards the performance of the company. The Company has 2672 employees on its roll as on September 30, 2014.

Annexure E to the Directors' Report

Directors' Responsibility Statement as per Section 217 (2AA) of the Companies Act, 1956

Responsibility in relation to financial statements

The financial statements have been prepared in conformity, in all material respects, with the generally accepted accounting principles in India and the accounting standards prescribed by Institute of Chartered Accountants of India, ICAI, in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on September 30, 2014 (18 months period) and of the results of operations for the period ended September 30, 2014 (18 months period). The financial statements have been audited by M/s B S R and Company, Statutory Auditors in accordance with generally accepted auditing standards, which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

Going Concern

In the opinion of the Directors, the Company will be in a position to carry on its existing business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.

Maintenance of Accounting Records and Internal control

The Company has taken proper and sufficient care for the maintenance of adequate accounting

records as required by the Statute. Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

The system of internal control is monitored by internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.

Audit Committee supervises financial reporting process through review of accounting and reporting practices, financial and accounting controls and financial statements.

Audit Committee also periodically interacts with Internal and Statutory Auditors to ensure quality and veracity of Company's accounts. Internal Auditors, Audit Committee and Statutory Auditors have full and free access to all the information and records as considered necessary to carry out their responsibilities. All the issues raised by them have been suitably acted upon and followed up.

Annexure F to the Directors' Report

Information as per Section 217(2A) (b) (ii) read with the Companies (Particulars of Employees) Rules 1975.

SL. No.	NAME	AGE (Years)	DESIGNATION	REMUNERATION Rs. in lakhs	QUALIFICATION	TOTAL EXPERIENCE (YEARS)	DATE OF COMMENT OF EMPLOYMENT	LAST EMPLOYMENT HELD
1	B SWAMINATHAN#	67	MANAGING	72.36	B.E. (Mech. Engg.)	44	April 01, 2011	Group President-Technology and Development, Hinduja Group India Limited, Mumbai.
2	GRV RAJAN#	55	MANAGING DIRECTOR	119.41	Bachelor of Technology from Indian Institute of Technology, Varanasi and Post-graduate Diploma in Management from Indian Institute of Management, Ahmedabad	30	July 17, 2013	President – Energy Business' at M/s. Sundaram Clayton Limited
3	SHEKHAR ARORA	61	DIRECTOR-HR	112.50	Post-graduate Diploma in Personnel Management & Industrial Relation	37	April 01,2013	Executive Director (HR) Ashok Leyland Limited

Employed for part of the year

Notes:

1. Remuneration shown above is subject to tax and comprises salary, allowances, medical benefits, leave travel assistance as applicable in accordance with the Company's Rules, company's contribution to provident fund and superannuation fund, gratuity entitlement and perquisites evaluated as per Income Tax Rules.
2. Mr. GRV Rajan's appointment is contractual. No severance fee is payable to him.
3. The Company has no stock options scheme in force.
4. None of the aforesaid employees are related to any Director of the Company.

Independent Auditors' Report

To

The Members of Hinduja Foundries Limited

Report on the financial statements

We have audited the accompanying financial statements of Hinduja Foundries Limited (the "Company"), which comprise the balance sheet as at September 30, 2014, the statement of profit and loss and the cash flow statement for the eighteen months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, 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.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us the said financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at September 30, 2014;
- (b) in the case of the statement of profit and loss, of the loss for the eighteen month period ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the eighteen month period ended on that date.

Emphasis of Matter

Attention is drawn to Note 2(a) to the financial statements which more fully discusses the going concern matters etc. The Company's performance has been impacted by automotive market slowdown, inadequate price compensation, volatile material prices, delays in recovery of certain long pending balances and consequent extended working capital cycles. As a result, the Company has accumulated losses as at September 30, 2014 that have significantly eroded the networth. The Company has initiated various steps to improve its operational performance/ liquidity, remove bottlenecks relating to its projects, improve the networth including raising of capital etc.

Based on business plans, availability of short-term and long-term bank funding arrangements,

Independent Auditors' Report

independent impairment testing, increase in capital by way of preferential allotment and qualified institutional placement and in view of the continued support by the promoters including assistance in relation to certain long pending balances, the Company believes that it would be able to realize its assets and settle its liabilities in the normal course at their carrying values and that no adjustments would be required in respect of the carrying value of assets/liabilities as at September 30, 2014. Accordingly, the financial statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments to in the Annexure referred to above, as required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by

the Company so far as appears from our examination of the books of account;

- (c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
- (e) On the basis of written representations received from the directors as at September 30, 2014, and taken on record by the board of directors, we report that none of the directors is disqualified as at September 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for B S R and Company

Chartered Accountants

ICAI Firm Registration No.:128900W

S Sethuraman

Partner

Chennai

November 20, 2014

Membership No: 203491

Annexure to the Independent Auditors' Report (referred to in our report of even date)

The Annexure referred to in the Independent auditors' report to the members of Hinduja Foundries Limited ("the Company") for the eighteen months period ended September 30, 2014. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. *The Company is in the process of comprehensively compiling/updating the fixed asset register after incorporating the results of the physical verification of fixed assets.*
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, certain fixed assets were verified during the period. *The Company is in the process of reconciling some of the fixed asset counted with the fixed assets register. As explained to us the Company believes the difference, if any, will not be material.*
 - (c) Fixed assets disposed of during the period were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except certain goods-in-transit and stocks lying with third parties, has been physically verified by the management during the period. In our opinion, the frequency of such verification is reasonable. For major portion of stocks lying with third parties at the period-end, written confirmations have been obtained by the Company.
 - (b) The procedures for the physical verification of inventories followed by the management are reasonable and generally adequate in relation to the size of the Company and the nature of its business.
 - (c) In relation to the maintenance of inventory records, the Company had during the previous year initiated certain corrective steps including implementation of an ERP system, introduction of perpetual inventory system, identification of non – moving inventory, strengthening the documentation and controls regarding recording and usage of rejections and consumption of materials etc. During the current year the Company continued to further implement and strengthen the above corrective steps initiated and monitor the operating effectiveness of the measures taken. Discrepancies noted on verification between the physical stocks and book records were not material and have been accounted as consumption in the books.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and similarly certain goods sold or services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, further to the corrective action initiated to the matter referred to in clause ii (c) above, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements, the particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 under section 209 (1) (d) of

Annexure to the Independent Auditors' Report

the Companies Act, 1956 and having regard to the comments in paragraph ii (c) above, we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at September 30, 2014 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the dues set out in Appendix I in respect of Income tax, Excise duty, Service tax, and Sales tax have not been deposited by the Company on account of disputes.

- (x) The Company's accumulated losses at the end of the financial year have exceeded 50% of its net worth. The Company has incurred cash losses in the current financial year and in the preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) 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.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) In our opinion and according to the information and explanation given to us and on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations/ confirmations given to us, no material fraud on or by the Company has been noticed or reported during the period.

for B S R and Company
Chartered Accountants
ICAI Firm registration No.:128900W

S Sethuraman

Partner

Membership No: 203491

Chennai

November 20, 2014.

Annexure to the Independent Auditors' Report

Appendix I as regards to Paragraph 9 (b) of Annexure to the Auditors' Report

Nature of statute	Nature of dues	Period to which the amount relates	Amount in Lakhs	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	2011-2012	3.11	CESTAT
Central Excise Act, 1944	Excise duty	2010-2011	3.08	Commissioner (Appeals)
Central Excise Act, 1944	Excise duty	2010	4.50	Assistant Commissioner of Central Excise
Cenvat Credit Rules, 2004	Excise duty	2009-2012	7.76	Commissioner of Central Excise -Appeals
Cenvat Credit Rules, 2004	Excise duty	2006-2007	1.78	CESTAT
Cenvat Credit Rules, 2004	Excise duty	2006-2011	114.85	Commissioner of Central Excise
Cenvat Credit Rules, 2004	Service Tax	2010-2013	5.41	Assistant Commissioner of Central Excise
Cenvat Credit Rules, 2004	Service Tax	2012-2013	34.70	Commissioner of Central Excise
Cenvat Credit Rules, 2004	Excise duty	2004-2013	153.05	Deputy Commissioner of Central Excise
Cenvat Credit Rules, 2004	Service Tax	2006-2009	557.87	CESTAT
Cenvat Credit Rules, 2004	Excise duty	1993-1998	# 45.26	Hon'ble High Court of Madras
Cenvat Credit Rules, 2004	Service Tax	2009-2010	110.77	Commissioner of Service Tax
CST Act, 1956	Sales Tax	2003-2005	## 50.34	Appellate Deputy Commissioner
Finance Act, 1994	Service Tax	2009-2013	0.80	Commissioner of Central Excise - Appeals
Finance Act, 1994	Service Tax	2011	4.76	Deputy Commissioner of Central Excise
Finance Act, 1994	Service Tax	2010-2011	2.59	Assistant Commissioner of Central Excise
Finance Act, 1994	Service Tax	2011-2012	42.60	Commissioner of Central Excise
Finance Act, 1994	Service Tax	2009-2010	@ 274.30	Commissioner of Service Tax
Finance Act, 1994	Service Tax	2011	16.17	Additional Commissioner of Central Excise
Finance Act, 1994	Excise duty	2009-2010	0.84	CESTAT
Income Tax Act,1961	Income Tax	2005-2010	1,067.19	Commissioner of Income tax - Appeals

Excludes amount paid under protest of Rs. 61.13 Lakhs

Excludes amount paid under protest of Rs. 31.55 Lakhs

@ Excludes amount paid under protest of Rs. 50 Lakhs

Balance Sheet as at September 30, 2014

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Note	September 30, 2014	March 31, 2013
Equity and Liabilities			
Shareholders' Funds			
Share capital	3	39,432.12	35,039.74
Reserves and surplus	4	(20,566.88)	(4,307.25)
		<u>18,865.24</u>	<u>30,732.49</u>
Non-current Liabilities			
Long-term borrowings	5	36,137.95	26,702.29
Long-term provisions	7	2,299.01	1,527.36
		<u>38,436.96</u>	<u>28,229.65</u>
Current Liabilities			
Short-term borrowings	8	15,728.49	22,076.56
Trade payables	9	14,520.62	13,957.25
Other current liabilities	10	11,939.54	13,167.88
Short-term provisions	7	13.09	8.32
		<u>42,201.74</u>	<u>49,210.01</u>
Total		<u><u>99,503.94</u></u>	<u><u>108,172.15</u></u>
Assets			
Non-current Assets			
Fixed assets			
(i) Tangible fixed assets	11	66,159.07	59,646.39
(ii) Intangible fixed assets	12	309.00	507.33
(iii) Capital work-in-progress		2,376.25	11,094.91
Non-current investments	13	1,214.94	1,204.38
Long-term loans and advances	14	4,408.70	6,207.61
Other non-current assets	15	371.92	509.99
		<u>74,839.88</u>	<u>79,170.61</u>
Current Assets			
Inventories	16	8,716.20	10,102.35
Trade receivables	17	12,478.95	14,318.04
Cash and bank balances	18	493.12	1,234.64
Short-term loans and advances	19	1,327.11	1,830.86
Other current assets	20	1,648.68	1,515.65
		<u>24,664.06</u>	<u>29,001.54</u>
Total		<u><u>99,503.94</u></u>	<u><u>108,172.15</u></u>
Significant Accounting Policies	2		

The notes referred to above form an integral part of this financial statements.

for **B S R and Company**
Chartered Accountants
ICAI Firm registration no: 128900W

S Sethuraman
Partner
Membership No : 203491

For and on behalf of the Board of Directors of
Hinduja Foundries Limited

R Seshasayee
Chairman

G R V Rajan
Managing Director

S Venkatasubramanian
Company Secretary

K R Ravi Shankar
Chief Financial Officer

Place : Chennai
Date : November 20, 2014

Statement of profit and loss for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Note	18 months ended September 30, 2014	6 months ended March 31, 2013
Income			
Revenue from operations	21		
Sale of product (gross)		111,806.58	33,714.13
Less : Excise duty		(12,496.32)	(3,680.39)
Sale of product (net)		99,310.26	30,033.74
Sale of services		369.04	388.18
Other operating revenue		232.04	250.14
Total		99,911.34	30,672.06
Other income	22	694.72	120.89
Total Revenue		100,606.06	30,792.95
Expenses			
Cost of materials consumed	23	49,909.98	14,921.09
Change in inventories of finished goods and work-in-progress	24	1,212.21	1,875.85
Employee benefits	25	19,468.15	6,215.07
Finance costs	26	10,612.54	4,007.44
Depreciation and amortization	27	7,224.56	2,033.07
Other expenses	28	37,292.91	11,648.34
Total Expenses		125,720.35	40,700.86
Loss before exceptional items and tax		(25,114.29)	(9,907.91)
Exceptional items	29	(1,129.53)	-
Loss before tax		(26,243.82)	(9,907.91)
Tax Expense			
Minimum Alternative Tax		-	470.45
Loss for the period		(26,243.82)	(10,378.36)
Earnings per equity share [nominal value of share Rs.10 each (previous period: Rs.10 each)]	30		
Basic - Rs.		(65.07)	(39.13)
Diluted - Rs.		(65.07)	(39.13)

Significant Accounting Policies 2

The notes referred to above form an integral part of this financial statements.

for **B S R and Company**
Chartered Accountants
ICAI Firm registration no: 128900W

S Sethuraman
Partner
Membership No : 203491

For and on behalf of the Board of Directors of
Hinduja Foundries Limited

R Seshasayee
Chairman

S Venkatasubramanian
Company Secretary

G R V Rajan
Managing Director

K R Ravi Shankar
Chief Financial Officer

Place : Chennai
Date : November 20, 2014

Cash flow statement for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Note	18 months ended September 30, 2014	6 months ended March 31, 2013
Cash flow from Operating Activities			
Net (loss) / Profit before Tax		(26,243.82)	(9,907.91)
Adjustments:			
Depreciation and amortization		7,224.56	2,033.07
Interest income		(268.59)	(120.89)
Provision for doubtful receivables, net		379.01	278.21
Provision no longer required written back		-	(127.50)
Provision for advances / inventories		1,164.31	-
Bad debts		378.83	20.01
Finance cost		10,612.54	4,007.44
Loss / (profit) on sale of fixed assets		(388.26)	-
Operating Cash Flow before Working Capital changes		(7,141.42)	(3,817.57)
Changes in			
(Increase) / decrease in trade and other receivables		2,277.05	701.08
(Increase) / decrease in inventories		1,288.84	1,661.76
Increase / (decrease) in trade payables and other liabilities		(1,502.62)	(5,471.37)
Cash generated from Operations		(5,078.15)	(6,926.10)
Income taxes (paid) / refund		(29.63)	0.24
Net cash generated from / (used in) Operating Activities		(5,107.78)	(6,925.86)
Cash flow from Investing Activities			
Purchase of fixed assets / advances paid		(3,076.93)	(2,813.91)
Proceeds from sale of fixed assets / advance received		234.10	(2.02)
Advance against sale of investments		1,055.93	-
Purchase of investments		(10.56)	-
Interest received		343.11	49.79
Bank deposits (having original maturity of more than 3 months), net		689.47	-
Net cash (used in) investing activities		(764.88)	(2,766.14)
Cash flow from Financing Activities			
Proceeds from issue of preference share capital		-	22,500.00
Proceeds from issue of equity shares		14,095.90	-
Proceeds from short term borrowings, net		(6,348.07)	(15,707.70)
Repayment of long term borrowings, net		8,766.31	5,500.00
Finance costs paid		(10,693.53)	(4,259.21)
Net Cash generated from Financing Activities		5,820.61	8,033.09

Cash flow statement for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Note	18 months ended September 30, 2014	6 months ended March 31, 2013
Net change in cash and cash equivalents		(52.05)	(1,658.91)
Cash and cash equivalents - opening balance		401.54	2,060.45
Cash and cash equivalents - closing balance		349.49	401.54

Notes to cash flow statement

Components of cash and cash equivalents

Cash and cash equivalents

Cash on hand		7.13	3.31
Balance with banks			
On current accounts		216.40	398.20
On deposits (with original maturity of 3 months or less)		125.96	0.03
Total		349.49	401.54

Significant Accounting Policies

2

As per our report of even date attached.

for **B S R and Company**

Chartered Accountants

ICAI Firm registration no: 128900W

S Sethuraman

Partner

Membership No : 203491

**For and on behalf of the Board of Directors of
Hinduja Foundries Limited**

R Seshasayee

Chairman

G R V Rajan

Managing Director

S Venkatasubramanian

Company Secretary

K R Ravi Shankar

Chief Financial Officer

Place : Chennai

Date : November 20, 2014

1. Company Overview

Hinduja Foundries Limited was incorporated in the year 1959 and commenced commercial production in the year 1961. The Company is a part of the Hinduja group of companies and is listed in the Bombay, Madras and National Stock Exchanges. The Company is primarily engaged in the business of manufacture of grey iron and aluminum gravity die-castings for automobiles, compressors, industrial engines, power generators and tractors, as well as for defence and marine applications.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Basis of preparation of Financial Statements

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles ("GAAP") under the historical cost convention except in respect of revalued fixed assets on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India (SEBI), to the extent applicable.

The Company's performance has been impacted by automotive market slowdown, inadequate price compensation, volatile material prices, delays in recovery of certain long pending balances and consequent extended working capital cycles etc. As a result, the company has accumulated losses as at September 30, 2014 that have significantly eroded the networth. In February 2013, the Company had intimated to the Board for Industrial and Financial Reconstruction ('BIFR') about erosion of more than 50% of the Company's peak networth pursuant to section 23 of Sick Industrial Companies (Special Provision) Act, 1985. ('SICA'). The Company has initiated various steps to improve its operational performance / liquidity, remove bottlenecks relating to its projects, improve the networth including raising of capital etc. Based on business plans, availability of short-term and long-term bank funding arrangements, independent impairment testing, increase in capital by way of preferential allotment and qualified institutional placement and in view of the continued support by the promoters including assistance in relation to certain long pending balances, the Company believes that it would be able to realize its assets and settle its liabilities in the normal course at their carrying values and that no adjustments would be required in respect of the carrying value of assets/liabilities as at September 30, 2014. Accordingly, the financial statements have been prepared on a going concern basis.

b. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period, reported balances of assets and liabilities, and disclosure of contingent assets and liabilities as at the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. Fixed Assets and Depreciation

Tangible fixed assets

Fixed assets are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any. Net increase in fixed assets on account of revaluation is credited to the revaluation

reserve account.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is provided using the straight-line method based on useful economic life as estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

For the following assets the depreciation rates are higher than the rates prescribed by Schedule XIV:

Plant and machinery	10.34– 33.33%
---------------------	---------------

Individual assets costing Rs 5,000/- or less are depreciated in full in the year of purchase.

The incremental depreciation on account of enhancement in the value of major fixed assets on revaluation is charged against fixed assets revaluation reserve.

Assets acquired under hire purchase/finance lease agreements are capitalized and finance charges thereon are expensed over the period of agreements.

Developmental costs relating to leasehold land is amortized over the period of 30 years.

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Intangible fixed assets

Intangible fixed assets comprise of acquired goodwill, acquired technical know-how and internally generated intangibles relating to development of methodologies, frameworks, and processes.

Acquired goodwill and technical know-how are stated at acquisition cost. Internally generated intangible assets are stated at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Company.

Goodwill, technical know-how fees and process know how are amortized using the straight-line method over a period of five years.

d. Inventory

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes all taxes and duties, but excludes duties and taxes that are subsequently recoverable from tax authorities.

The methods of determining cost of various categories of inventories are as follows:

Description	Method of determining cost
Raw materials, stores and spares and bought out materials	Moving weighted average
Work in progress and finished goods	Moving weighted average and including an appropriate share of overheads

e. Borrowing Costs

Borrowing costs including amortization of ancillary borrowing cost that are directly attributable to the acquisition or construction of qualifying fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of such assets. Other

borrowing costs are recognized as expense in the period in which they are incurred.

f. Employee Benefits

Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation performed in accordance with the projected unit credit method, as at the balance sheet date and is funded with Life Insurance Corporation of India (LIC).

Short term compensated absences / leave encashment are provided for based on the eligible leave at credit on the balance sheet date and the estimated cost is based on the terms of the employment contract. Long term compensated absences are provided for based on actuarial valuation as at the balance sheet date using projected unit credit method.

Eligible employees of the Company relating to Ennore unit receive benefits from the provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the Ennore Foundries Limited Employees' Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the Trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Such liability, if any, is provided for based on the actuarial valuation as at the balance sheet date.

Contributions to Provident fund (other than relating to Ennore Unit of the Company), employee pension fund (other than relating to Ennore Unit of the Company), Superannuation fund and cost of other benefits are charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no further obligations under the plan beyond its monthly contributions.

Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

g. Revenue Recognition

Revenue comprises sale of castings and design and development of patterns and tools. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured and is expected to be received.

Revenue from the sale of castings are recognized when all significant risks and rewards of ownership are transferred to the buyer, which generally coincide with dispatch of goods. The amount recognized as sale is exclusive of sales tax.

Income from design and development of patterns and tools and other incidental works is recognised in accordance with the percentage of completion method.

Revision in prices subsequent to sale is recognised when accepted by the customers.

Interest income on deposits and interest bearing securities is recognized on the time proportionate method.

Insurance claims are recognized when the amount thereof can be measured reliably and ultimate collection is reasonably certain

h. Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the 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.

Deferred tax is measured based on the tax rates and the tax laws enacted or 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 realized. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably / virtually certain that future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

i. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions or rates that approximates the exchange rate prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of profit and loss of the year.

Pursuant to the notifications of the Ministry of Corporate Affairs, exchange fluctuations on all long term monetary items so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and is depreciated over the balance life of such assets. All other exchange fluctuations on long term monetary items are accumulated in 'foreign currency monetary item translation difference account' in the Company's financial statements and amortized over the balance period of such long term asset/liability.

j. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. As at the reporting date, the Company has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

k. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

l. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication

of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

m. Expenditure on New Projects and Substantial Expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto are charged to the Statement of profit and loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

n. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized 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 based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

o. Investments

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Current investments are carried at the lower of cost and fair value. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of profit and loss.

p. Derivative Instruments and Hedge Accounting

The Company uses derivative financial instruments such as interest rate swaps to hedge its exposure in interest rates relating to underlying transaction.

The Company has adopted the principles of Accounting Standard 30, Financial Instruments: Recognition and Measurement (AS 30) issued by ICAI except to the extent the adoption of AS 30 does not conflict with existing accounting standards prescribed by Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements.

In accordance with the recognition and measurement principles set out in AS 30, changes in fair value of derivative financial instruments designated as cash flow hedges are recognised directly in shareholders' funds and reclassified into the profit and loss account upon the occurrence of the hedged transaction.

Changes in fair value relating to the ineffective portion of the hedges and derivatives that do not

qualify for hedge accounting are recognised in the statement of profit and loss.

The fair value of derivative financial instruments is determined based on observable market inputs including yield curves etc.

q. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

r. Cash and cash equivalents

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

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	September 30, 2014	March 31, 2013
3 Share Capital		
Authorised		
200,000,000 (March 31, 2013: 200,000,000) Equity shares of Rs.10 each	20,000.00	20,000.00
35,000,000 (March 31, 2013: 35,000,000) Preference shares of Rs.100 each	35,000.00	35,000.00
Total	55,000.00	55,000.00
Issued		
72,766,983 (March 31, 2013: 28,843,118) Equity shares of Rs.10 each	7,276.70	2,884.31
1,500,000 (March 31, 2013: 1,500,000) 10% Redeemable non-convertible cumulative preference shares of Rs.100 each	1,500.00	1,500.00
1,000,000 (March 31, 2013: 1,000,000) 6% Redeemable non-convertible cumulative preference shares of Rs.100 each	1,000.00	1,000.00
30,000,000 (March 31, 2013: 30,000,000) 9% Redeemable non-convertible cumulative preference shares of Rs.100 each	30,000.00	30,000.00
Total	39,776.70	35,384.31
Subscribed and Paid up		
72,654,576 (March 31, 2013: 28,730,711) Equity shares of Rs.10 each fully paid-up	7,265.45	2,873.07
1,500,000 (March 31, 2013: 1,500,000) 10% Redeemable non-convertible cumulative preference shares of Rs.100 each fully paid	1,500.00	1,500.00
1,000,000 (March 31, 2013: 1,000,000) 6% Redeemable non-convertible cumulative preference shares of Rs.100 each fully paid	666.67	666.67
30,000,000 (March 31, 2013: 30,000,000) 9% Redeemable non-convertible cumulative preference shares of Rs.100 each fully paid	30,000.00	30,000.00
Total	39,432.12	35,039.74

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	September 30, 2014		March 31, 2013	
	Number	Amount	Number	Amount
a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period				
Equity Shares				
At the commencement of the period	28,730,711	2,873.07	28,730,711	2,873.07
Shares issued (refer note 43)	43,923,865	4,392.39	-	-
At the end of the period	72,654,576	7,265.46	28,730,711	2,873.07
10% Redeemable non-convertible cumulative preference shares - 1999 Series				
At the commencement of the period	1,500,000	1,500.00	1,500,000	1,500.00
Shares issued	-	-	-	-
At the end of the period	1,500,000	1,500.00	1,500,000	1,500.00
6% Redeemable non-convertible cumulative preference shares - 2003 Series				
At the commencement of the period	1,000,000	666.67	1,000,000	666.67
Shares issued	-	-	-	-
At the end of the period	1,000,000	666.67	1,000,000	666.67
9% Redeemable non-convertible cumulative preference shares - 2012 Series				
At the commencement of the period	30,000,000	30,000.00	7,500,000	7,500.00
Shares issued	-	-	22,500,000	22,500.00
At the end of the period	30,000,000	30,000.00	30,000,000	30,000.00

b) Rights, preferences and restriction attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each equity share holder is entitled to one vote per share.

c) Rights, preferences and restriction attached to preference shares

1,500,000 10% Redeemable non-convertible cumulative preference shares of Rs.100 each issued to Ashok Leyland Limited on March 19, 1999 were redeemable at par during the period April 2011 to April 2013. Redemption due on April 2011 and April 2012 was initially rescheduled to April 2013. The Company has sought and obtained a further extension from the preference shareholder and the redemption has been rescheduled to April 2015.

1,000,000 6% Redeemable non-convertible cumulative preference shares of Rs.100 each issued to Ashok Leyland Limited on November 12, 2003 were redeemable at par during the period April 2008 to April 2010. Out of the above, an amount of Rs.333.33 lakhs has been redeemed in April 2008. Redemption due on April 2009 and April 2010 was initially rescheduled to April 2013. The Company has sought and obtained a further extension from the preference shareholder and the redemption of the balance of Rs.666.67 lakhs has been rescheduled to April 2015.

7,500,000 9% Redeemable non-convertible cumulative preference shares of Rs.100 each issued to Ashok Leyland Limited on September 29, 2012 were redeemable at par within a period of two years from the date of allotment. The Company has sought and obtained a further extension from the preference shareholder and the redemption has been rescheduled to September 2016.

7,500,000 9% Redeemable non-convertible cumulative preference shares of Rs.100 each issued to Ashok Leyland Limited on October 19, 2012 were redeemable at par within a period of two years from the date of allotment. The Company has sought and obtained a further extension from the preference shareholder and the redemption has been rescheduled to October 2016.

15,000,000 9% Redeemable non-convertible cumulative preference shares of Rs.100 each issued to Ashok Leyland Limited on March 20, 2013 were redeemable at par within a period of two years from the date of allotment.

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	September 30, 2014		March 31, 2013	
	Number	Amount	Number	Amount
d) Shares held by Holding Company and its Subsidiary				
Equity shares of Rs.10/- each fully paid held by				
i) Holding Company				
Hinduja Automotive Limited (upto January 29, 2014)	-	-	14,814,609	1,481.46
ii) Subsidiary of Holding Company				
Ashok Leyland Limited (upto January 29,2014)	-	-	5,405,793	540.58
	-	-	20,220,402	2,022.04
Preference shares of Rs.100 each fully paid held by Subsidiary of Holding Company				
Ashok Leyland Limited **				
10% Redeemable Non-convertible cumulative preference shares of Rs.100 each fully paid - 1999 Series	-	-	1,500,000	1,500.00
6% Redeemable Non-convertible cumulative preference shares of Rs.100 each fully paid - 2003 Series	-	-	1,000,000	666.67
9% Redeemable Non-convertible cumulative preference shares of Rs.100 each fully paid - 2012 Series	-	-	30,000,000	30,000.00
** Subsidiary of holding company-Upto January 29,2014				
	September 30, 2014		March 31, 2013	
	Number	% of total shares in class	Number	% of total shares in class
e) Shares held by Shareholders holding more than 5 per cent shares				
Equity shares of Rs.10/- each fully paid-up held by				
Hinduja Foundries Holding Limited	17,818,448	24.52%	-	-
Hinduja Automotive Limited	14,814,609	20.39%	14,814,609	51.56%
LTS Investment Fund Limited	7,100,000	9.77%	-	-
CPCI (Mauritius) Limited	7,000,000	9.63%	-	-
Ashok Leyland Limited	5,405,793	7.44%	5,405,793	18.82%
Bridge India Fund (Formerly known as Credo India Thematic Fund Limited)	5,222,679	7.19%	1,822,679	6.34%
Albula Investment Fund Limited	5,005,417	6.89%	-	-
	62,366,946	-	22,043,081	-

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	September 30, 2014		March 31, 2013	
	Number	% of total shares in class	Number	% of total shares in class
10% Redeemable Non-convertible cumulative preference shares of Rs.100 each fully paid - 1999 Series				
Ashok Leyland Limited, India	<u>1,500,000</u>	<u>100%</u>	<u>1,500,000</u>	<u>100%</u>
6% Redeemable Non-convertible cumulative preference shares of Rs.100 each fully paid - 2003 Series				
Ashok Leyland Limited, India	<u>1,000,000</u>	<u>100%</u>	<u>1,000,000</u>	<u>100%</u>
9% Redeemable Non-convertible cumulative preference shares of Rs.100 each fully paid - 2012 Series				
Ashok Leyland Limited, India	<u>30,000,000</u>	<u>100%</u>	<u>30,000,000</u>	<u>100%</u>
	September 30, 2014		March 31, 2013	
4 Reserves and Surplus				
Capital Redemption Reserve		333.33		333.33
Securities premium account				
Balance as at the beginning of the period	14,911.89		14,911.89	
Add: Premium on allotment of shares (refer note 43)	9,785.29		-	
Less: Utilisation towards share issue expenses (refer note 43)	<u>(81.77)</u>		<u>-</u>	
Balance as at the end of the period		24,615.41		14,911.89
Revaluation reserve				
Balance as at the beginning of the period	18,856.98		18,863.26	
Less: Incremental depreciation for the period on revaluation	<u>(16.85)</u>		<u>(6.28)</u>	
Balance as at the end of the period		18,840.13		18,856.98
General Reserve		889.25		889.25
Hedging Reserve				
Balance as at the beginning of the period	(579.47)		(678.60)	
Add: (Originating)/reversing during the period	<u>297.52</u>		<u>99.13</u>	
Balance as at the end of the period		(281.95)		(579.47)
(Deficit) / Surplus in the Statement of Profit and Loss				
Balance as at the beginning of the period	(38,719.23)		(28,340.87)	
Add: (Loss) during the period	<u>(26,243.82)</u>		<u>(10,378.36)</u>	
Balance as at the end of the period		<u>(64,963.05)</u>		<u>(38,719.23)</u>
Total		<u>(20,566.88)</u>		<u>(4,307.25)</u>

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Non-current portion		Current portion *	
	September 30, 2014	March 31, 2013	September 30, 2014	March 31, 2013
5 Long Term Borrowings				
Term loans				
Secured				
Indian rupee loan from banks	29,976.60	18,000.00	5,500.00	3,000.00
Foreign currency loan from banks	6,161.35	8,702.29	2,464.54	2,175.57
Unsecured				
Foreign currency loan from banks	-	-	-	3,625.95
Total	36,137.95	26,702.29	7,964.54	8,801.52

* Amount disclosed under "other current liabilities" (refer note 10)

a) The aforesaid loans are under fixed/floating rate (benchmarked to Libor) with different bankers. As at September 30, 2014, the rate of interest based on such arrangements ranged from 5.55% p.a. to 12.75% p.a.

Secured

b) Term loan of Rs.15,500 Lakhs (March 31, 2013 : 21,000 Lakhs) and Rs.950 Lakhs (March 31, 2013 : Nil) from Yes Bank is secured by equitable mortgage and first charge over all the fixed assets of the Company including movable properties and immovable properties (both present and future) and second charge on the current assets of the Company. The first said loan term is repayable in 12 quarterly instalments commencing from March 2013 to September 2017 and the second loan is repayable in 16 quarterly instalments commencing from December 2015 to September 2019 respectively.

c) Term loan of Rs.19,026.60 Lakhs (March 31, 2013 : Nil) from Bank of Baroda Bank was secured by equitable mortgage and first charge over all the fixed assets of the Company including movable properties and immovable properties (both present and future) and second charge on the current assets of the Company. The said loan was repayable in 12 equal quarterly instalments commencing from April 2017 to April 2019. The company is in the process of creating charge for the securities provided.

d) Foreign currency term loan of Rs. 8,625.89 Lakhs (March 31, 2013 : Rs.10,877.86 Lakhs) from DBS Bank is secured by first pari passu charge over all the fixed assets of the Company including movable properties and immovable properties (both present and future). The said loan is repayable in 10 equal half-yearly instalments commencing from August, 2013.

e) The Company has not met some of the financial covenants as set out in the agreements with bankers. The Company in the process of obtaining necessary waivers from compliance with such covenants. Based on past experience, the Company is confident of obtaining the relevant approvals. Accordingly the loan balances have continued to be classified as non - current to the extent they are not due to be settled with in 12 months after the reporting date. Also refer note 2 (a).

Unsecured

f) The foreign currency loan from HSBC Bank consisted of USD 5,000,000 and USD 15,000,000 loans respectively. The said loans were repayable in three annual instalments commencing from April 20, 2011 and May 31, 2011 respectively. The said loans have been fully repaid during the current period.

	September 30, 2014	March 31, 2013
6 Deferred Tax Liabilities, Net		
Deferred Tax Liabilities		
Difference in depreciation and other difference in block of fixed assets as per tax books and financial books	4,743.92	4,317.66
Gross deferred tax liabilities	4,743.92	4,317.66
Deferred Tax Assets		
Unabsorbed depreciation / carried forward losses *	(3,078.87)	(3,137.70)
Provision for doubtful debts	(537.72)	(390.42)
Others	(1,127.33)	(789.54)
Gross deferred tax assets	(4,743.92)	(4,317.66)
Deferred Tax Liabilities, Net	-	-

* Deferred tax asset on unabsorbed depreciation / loss are recorded to the extent of deferred tax liabilities.

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Long Term		Short Term	
	September 30, 2014	March 31, 2013	September 30, 2014	March 31, 2013
7 Provisions				
Provision for Employee Benefits				
Gratuity (refer note - 31)	2,133.99	1,438.00	-	-
Compensated absences	165.02	89.36	13.09	8.32
Total	2,299.01	1,527.36	13.09	8.32
8 Short Term Borrowings			September 30, 2014	March 31, 2013
Secured				
Cash credit and overdraft facilities from banks			14,428.49	11,855.29
Others			1,300.00	160.00
Unsecured				
Short-term loans from banks			-	9,998.13
Buyer's credit			-	63.14
Total			15,728.49	22,076.56
Cash credit, overdraft and other facilities from banks are secured by a first charge on current assets and a pari passu second charge on the fixed assets of the company. As at September 30, 2014, the interest on such facilities ranges from 14.00% p.a to 15.50% p.a.				
Other loan repayable on demand from banks (secured) loans comprises of loans from DBS Bank. Such loans is secured by a first charge on current assets and a pari passu second charge on the fixed assets of the company. The interest rate on such loans ranges from 13.30% p.a to 15.00% p.a.				
Unsecured short-term loans represents loan from Bank of Baroda . The interest rate on such loan was 10.25% p.a. The said loan was fully repaid during the current period.				
Buyer's Credit was repayable on their respective due dates within next 12 months. Interest rate on such buyer's credit ranges from 6% p.a.				
9 Trade Payables				
Trade payables			14,520.62	13,957.25
Total			14,520.62	13,957.25
For dues to Micro and Small Suppliers, refer to Note 36				
10 Other Current Liabilities				
Current maturities of long-term debt*			7,964.54	8,801.52
Interest accrued but not due on borrowings			342.53	423.52
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit				
Unclaimed matured fixed deposits			0.02	0.02
Unclaimed interest on fixed deposits			0.52	0.52
Unclaimed equity dividends			1.44	1.44
Other payables				
Statutory liabilities			160.56	94.30
Deposit from customers			0.35	14.35
Accrued salaries and benefits			1,717.67	1,125.54
Derivative financial instrument liability			281.95	579.47
Advance received from customer			276.05	586.98
Advance against sale of property / Investments			1,055.93	1,400.00
Others			137.98	140.22
Total			11,939.54	13,167.88

* Refer Note 5

Notes to financial statements for the eighteen months period ended September 30, 2014 (All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

11 Tangible Assets												
Particulars	Freehold land @ # \$	Leasehold land	Buildings @&	Plant and machinery @	Service installations @	Electrical installations @ ^	Patterns and dies	Fixtures	Office furniture	Office machinery	Motor vehicles	Total
Cost												
As at October 01, 2012	21,914.85	1,660.41	9,927.96	33,810.90	2,194.03	2,402.97	5,725.34	830.62	321.45	1,211.45	195.43	80,195.41
Additions**	-	-	222.94	1,241.99	20.67	23.16	394.30	200.76	5.52	32.27	-	2,141.61
Deductions	-	-	-	2.21	-	-	-	-	-	-	4.29	6.50
As at March 31, 2013	21,914.85	1,660.41	10,150.90	35,050.68	2,214.70	2,426.13	6,119.64	1,031.38	326.97	1,243.72	191.14	82,330.52
Additions**	0.00	-	447.67	12,394.85	54.46	14.20	223.40	232.82	4.77	8.03	60.93	13,441.13
Deductions	0.00	-	-	167.82	30.17	5.98	-	1.54	10.47	0.25	38.72	254.95
As at September 30, 2014	21,914.85	1,660.41	10,598.57	47,277.71	2,238.99	2,434.35	6,343.04	1,262.66	321.27	1,251.50	213.35	95,516.70
Depreciation												
As at October 01, 2012	-	272.64	2,561.39	13,082.74	1,129.65	930.72	1,597.69	240.05	120.48	739.16	71.62	20,746.14
Charge for the period #	-	27.57	153.05	1,220.86	70.80	47.22	311.12	25.35	1.77	72.61	5.84	1,936.19
Transfer from revaluation reserve	-	-	6.10	-	-	0.18	-	-	-	-	-	6.28
Disposal	-	-	-	1.18	-	-	-	-	-	-	3.30	4.48
As at March 31, 2013	-	300.21	2,720.54	14,302.42	1,200.45	978.12	1,908.81	265.40	122.25	811.77	74.16	22,684.13
Charge for the period #	-	83.01	473.97	4,619.75	220.53	144.24	942.30	103.20	35.12	212.04	66.60	6,900.76
Transfer from revaluation reserve	-	-	16.37	-	-	0.48	-	-	-	-	-	16.85
Disposal	-	-	-	167.26	30.17	5.29	-	1.31	10.15	12.65	17.28	244.11
As at September 30, 2014	-	383.22	3,210.88	18,754.91	1,390.81	1,117.55	2,851.11	367.30	147.23	1,011.15	123.49	29,357.63
Net Block												
As at March 31, 2013	21,914.85	1,360.20	7,430.36	20,748.26	1,014.25	1,448.01	4,210.83	765.98	204.72	431.95	116.98	59,646.39
As at September 30, 2014	21,914.85	1,277.19	7,387.69	28,522.80	848.18	1,316.80	3,491.93	895.37	174.04	240.36	89.86	66,159.07
Capital work-in-progress #												
As at March 31, 2013												11,094.91
As at September 30, 2014												2,376.25

§ As at March 31, 2009 the Company had revalued its entire freehold land of manufacturing units at Ennore and Uppal. These were revalued to reflect the current value of the same based on valuation report of registered valuer dated May 25, 2009. The valuation has been carried based on the present market price and/ or the guideline value. The difference of Rs.18,573.40 lakhs between the revalued amount and book value thereof has been credited to fixed assets revaluation reserve.

@ includes upward revaluation made on March 31, 1992.

Consequent to realignment in the rupee value on foreign exchange, there has been an increase of Rs.61.86 lakhs (Previous year decrease of Rs.338.46 lakhs) in the Company's liability for repayment of External Commercial Borrowings. Capital work-in-progress includes the aforesaid exchange differences.

& Buildings include cost : Rs. 145.37 Lakhs (previous year Rs. 145.37 lakhs) and written down value Rs. 62.67 lakhs (previous year Rs. 69.95 lakhs) in respect of expenditure incurred on capital assets, the ownership of which does not vest in the Company.

^ Electrical installations include Cost : Rs. 98.17 Lakhs (previous year Rs. 98.17 Lakhs) and Written Down Value Rs. 27.10 lakhs (previous year Rs. 27.10 lakhs) in respect of expenditure incurred on capital assets, the ownership of which does not vest in the Company.

** Consequent to realignment in the rupee value on foreign exchange, there has been an increase of Rs.1379.41 lakhs (Previous year increase of Rs. 112.82 lakhs) in the Company's liability for repayment of External Commercial Borrowings. Additions to fixed assets includes the aforesaid exchange differences and the exchange differences arising on account of repayment of External Commercial Borrowings.

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

12 Intangible Assets

Particulars	Technical - Know How	Goodwill and Others	Software	Total
Cost				
As at October 1, 2012	1,035.79	147.57	59.73	1,243.09
Additions	-	-	261.85	261.85
Deductions	-	-	-	-
As at March 31, 2013	1,035.79	147.57	321.58	1,504.94
Additions	-	-	125.47	125.47
Deductions	-	-	-	-
As at September 30, 2014	1,035.79	147.57	447.05	1,630.41
Amortization				
As at October 01, 2012	744.01	147.57	6.47	898.05
Charge for the year	41.68	-	57.88	99.57
Disposal	-	-	-	-
As at March 31, 2013	785.69	147.57	64.35	997.62
Charge for the year	125.05	-	198.75	323.80
Disposal	-	-	-	-
As at September 30, 2014	910.74	147.57	263.10	1,321.41
Net block				
As at March 31, 2013	250.10	-	257.23	507.32
As at September 30, 2014	125.05	-	183.95	309.00
13 Non-current Investments				
(Valued at cost unless stated otherwise)			September 30, 2014	March 31, 2013
Trade Investments : Unquoted				
Investment in Associates				
12,018,750 equity shares (March 31, 2013: 12,018,750) of Rs.10 each fully paid-up of AL Wind Energy Ltd.			1,201.88	1,201.88
Others				
25,000 equity shares (March 31, 2013: 25,000) of Rs.10 each fully paid-up OPG Energy (P) Ltd			2.50	2.50
96,000 equity shares (March 31, 2013: Nil) of Rs.10 each fully paid-up OPG Power Generation Private Ltd			10.56	-
Total			1,214.94	1,204.38

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	Non-current portion		Current portion*	
	September 30, 2014	March 31, 2013	September 30, 2014	March 31, 2013
14 Long-term Loans and Advances				
Unsecured and considered good				
Capital advances	174.86	1,587.59	-	-
Security deposits	1,827.84	2,147.73	-	-
Other loans and advances				
Balances with Government and statutory authorities	445.57	759.13	178.02	222.83
Advance taxes	251.44	221.81	-	-
Loans / advances to employee	60.73	115.18	73.74	61.79
Others \$	1,648.26	1,376.17	-	1,336.84
Unsecured and considered doubtful				
Capital advances	50.12	-	-	-
Others	-	-	1,067.00	-
Less : Provision for advances	(50.12)	-	(1,067.00)	-
	<u>4,408.70</u>	<u>6,207.61</u>	<u>251.76</u>	<u>1,621.46</u>

* Amount disclosed under 'Short-term loans and advances'. Refer Note 19

\$ includes claim for refund of electricity tax on maximum demand charges amounting to Rs.370.18 lakhs (March 31, 2013: Rs.370.18 lakhs) represents electricity tax paid for the period September 1991 to November 2009 recoverable from Tamil Nadu Electricity Board (TNEB). The amount has been accounted based on a Supreme Court decision delivered in May 2007 and legal opinions obtained by the Company, also refer note 2(a).

	September 30, 2014	March 31, 2013
15 Other Non-current Assets		
Bank deposits	-	69.29
(due to mature after 12 months from the reporting date) (refer note 18)		
Unamortized ancillary borrowing costs	371.92	440.70
Total	<u>371.92</u>	<u>509.99</u>
16 Inventories		
Raw material and other direct materials (net of provision - Rs.47.19 lakhs)	1,612.21	1,385.22
Material in transit	828.56	1,000.12
Work-in-progress	5,107.46	6,319.67
Stores and spares	1,167.97	1,397.34
Total	<u>8,716.20</u>	<u>10,102.35</u>

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	September 30, 2014	March 31, 2013
17 Trade Receivables		
Receivables outstanding for a period exceeding six months from the date they become due for payment		
- Unsecured, considered good	1,245.52	2,436.80
- Doubtful	1,582.14	1,203.13
Less: Provision for doubtful receivables	<u>(1,582.14)</u>	<u>(1,203.13)</u>
	<u>1,245.52</u>	<u>2,436.80</u>
Others		
- Unsecured, considered good	11,233.43	11,881.24
	<u>11,233.43</u>	<u>11,881.24</u>
Total	<u>12,478.95</u>	<u>14,318.04</u>
18 Cash and Bank Balances		
Cash and cash equivalents		
Cash on hand	7.13	3.31
Balance with banks		
On current accounts	216.40	398.20
On deposits (with original maturity of 3 months or less)	<u>125.96</u>	<u>0.03</u>
	<u>349.49</u>	<u>401.54</u>
Other Bank Balances		
in unpaid dividend	1.44	1.44
Others *	<u>142.19</u>	<u>831.66</u>
	<u>143.63</u>	<u>833.10</u>
Total	<u>493.12</u>	<u>1,234.64</u>
* Balances in deposit accounts subject to lien in favour of bank.		
Details of Bank Balances/Deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	125.96	0.03
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	143.63	833.10
Bank deposits due to mature after 12 months of the reporting date included under 'Other non current assets' (refer Note 15)	-	69.29
19 Short-term Loans and Advances (Unsecured and considered good)		
Current portion of long-term loans and advances (refer Note 14)	251.76	1,621.46
Other loans and advances		
Prepaid expenses	112.27	135.15
Others	<u>963.08</u>	<u>74.25</u>
Total	<u>1,327.11</u>	<u>1,830.86</u>

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	September 30, 2014	March 31, 2013
20 Other Current Assets		
Interest accrued on deposits	68.06	142.56
Insurance claims receivable	280.90	263.13
Unamortised ancillary borrowing costs	301.58	137.00
Unbilled revenue	998.14	205.00
Fixed assets reclassified as held for sale (refer note 11)	-	750.76
Others	-	17.20
Total	1,648.68	1,515.65
	18 months ended September 30, 2014	6 months ended March 31, 2013
21 Revenue from Operations		
Sale of products (gross)	111,806.58	33,714.13
Less : Excise duty	(12,496.32)	(3,680.39)
Sale of products (net)	99,310.26	30,033.74
Sale of Services	369.04	388.18
Other Operating Revenues		
Scrap sales	230.04	122.12
Others Misc.	2.00	128.02
	232.04	250.14
Total	99,911.34	30,672.06
Breakup of revenue		
Ferrous castings	98,998.60	29,347.37
Non-Ferrous castings	311.66	686.37
	99,310.26	30,033.74
22 Other Income		
Interest on		
- fixed deposits	29.93	58.55
- electricity deposits	238.66	62.34
- Profit on sale of fixed assets	388.26	-
Net gain on foreign currency transactions	37.87	-
Total	694.72	120.89

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	18 months ended September 30, 2014	6 months ended March 31, 2013
23 Cost of Material Consumed		
Raw Material (including other direct materials)		
Inventory at the beginning of the period	1,385.22	1,170.30
Add: Purchases	50,136.97	15,136.01
	<u>51,522.19</u>	<u>16,306.31</u>
Less: Inventory at the end of the period	(1,612.21)	(1,385.22)
Total	<u>49,909.98</u>	<u>14,921.09</u>
24 Changes in Inventories of Finished Goods and Work in - Progress		
Opening work-in-progress	6,319.67	8,195.52
Opening finished goods	-	-
	<u>6,319.67</u>	<u>8,195.52</u>
Closing work-in-progress	5,107.46	6,319.67
Closing finished goods	-	-
	<u>5,107.46</u>	<u>6,319.67</u>
Total	<u>1,212.21</u>	<u>1,875.85</u>
25 Employee Benefits		
Salaries, wages and bonus	14,291.08	4,667.04
Contribution to provident and other funds	2,389.40	722.84
Staff welfare expenses	2,787.67	825.19
Total	<u>19,468.15</u>	<u>6,215.07</u>
26 Finance Costs		
Interest expense	10,216.02	3,939.36
Amortization of ancillary borrowing cost	396.52	224.18
	<u>10,612.54</u>	<u>4,163.54</u>
Less : Expenditure capitalized	-	(156.10)
Total	<u>10,612.54</u>	<u>4,007.44</u>
27 Depreciation and Amortization		
Depreciation of tangible fixed assets	6,917.60	1,942.47
Less : Depreciation on revaluation increase transferred from revaluation reserve	(16.84)	(6.28)
Amortization of intangible fixed assets	323.80	99.56
	<u>7,224.56</u>	<u>2,035.75</u>
Less : Expenditure capitalized	-	(2.68)
Total	<u>7,224.56</u>	<u>2,033.07</u>

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

	18 months ended September 30, 2014	6 months ended March 31, 2013
28 Other Expenses		
Stores and spares consumed	4,446.29	1,632.69
Power and fuel	17,583.65	5,646.14
Rent	67.54	26.15
Rates and taxes	221.89	57.09
Repairs to buildings	213.97	74.09
Repairs to machinery	2,242.18	987.17
Insurance	112.92	76.42
Net loss on foreign currency transactions	-	15.25
Directors sitting fees	15.80	9.00
Bank charges	178.17	132.86
Auditors' fees*	33.55	23.17
Provision for doubtful receivables (Net of writeback, if any)	379.01	278.21
Bad debts written off	378.83	20.01
Provision for advances / inventory	1,164.31	-
Fettling/machining charges	4,352.39	1,093.68
Labour charges	2,199.11	376.88
Other expenses	3,703.59	1,235.01
	37,293.20	11,683.82
Less: Expenditure capitalized	(0.29)	(35.48)
Total	37,292.91	11,648.34

***Payment to Statutory Auditors**

- Statutory audit fees	25.00	9.00
- Limited review	5.00	2.00
- Other services (also refer note 43)	15.50	4.00
- Out of pocket expenses	3.05	4.17
	48.55	19.17

29 Exceptional Items

Voluntary retirement compensation	1,129.53	-
Total	1,129.53	-

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

September 30,
2014 March 31, 2013

30 Earning Per Share (EPS)

Earnings

Loss after tax	(26,243.82)	(10,378.36)
Less: Dividend attributable to preference shares and tax thereon	(5,227.35)	(864.17)
Net profit attributable to equity shareholders for calculation of basic EPS	(31,471.17)	(11,242.53)
Total number of equity shares outstanding as at end of the period	72,654,576	28,730,711
Weighted average number of equity shares outstanding as at the end of the period	48,368,205	28,730,711
Basic earnings per share / diluted earnings per share	(65.07)	(39.13)

31 Employee Benefits

Defined Benefit Plans

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure.

The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of Profit and Loss

Net employee benefit expense (Recognized in Employee benefits)

Particulars	September 30, 2014	March 31, 2013
Current service cost	408.74	193.06
Interest cost on benefit obligation	335.75	118.10
Expected return on plan assets	(152.41)	(60.28)
Net actuarial(gain) / loss recognized in the period	166.95	(48.40)
Net benefit expense	759.04	202.48
Actual return on plan assets	164.21	30.10

Balance Sheet

Reconciliation of present value of the obligation and the fair value of plan assets

Particulars	September 30, 2014	March 31, 2013
Fair value of plan assets at the end of the period	1,083.79	1,471.10
Present value of funded obligation at the end of the period	(3,217.77)	(2,909.10)
Asset/(Liability) recognized in the balance sheet	(2,133.98)	(1,438.00)

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	September 30, 2014	March 31, 2013
Present value of obligations as at the beginning of period	2,909.10	2,756.26
Interest cost	335.75	118.10
Current Service cost	408.74	193.06
Benefits paid	(614.60)	(79.74)
Actuarial (Gain) / Loss on obligation	178.76	(78.58)
Present value of obligations as at the end of period	3,217.76	2,909.10

Changes in the fair value of plan assets are as follows:

Particulars	September 30, 2014	March 31, 2013
Fair value of plan assets at beginning of period	1,471.10	1,395.74
Expected return on plan assets	152.41	60.28
Contributions	63.08	125.00
Benefits paid	(614.60)	(79.74)
(Loss) / gain Actuarial gain on plan assets	11.81	(30.17)
Fair value of plan assets as at end of period	1,083.79	1,471.10

Particulars	September 30, 2014	March 31, 2013
Plan liabilities loss / (gain)	(178.76)	(78.58)
Plan assets (loss) / gain	11.81	(30.17)

Experience adjustments in :

Particulars	September 30, 2014	March 31, 2013	September 30, 2012	March 31, 2011	March 31, 2010
Fair value of plan assets at the end of the period	1,083.79	1,471.10	1,395.74	1,932.00	1,912.00
Present value of funded obligation at the end of the period	3,217.76	2,909.10	2,756.26	(2,579.00)	(2,288.00)
Asset/(Liability) recognized in the balance sheet	(2,133.97)	(1,438.00)	(1,360.52)	(647.00)	(376.00)
Plan liabilities - loss / (gain)	(178.76)	(78.58)	(94.07)	76.15	(119.00)
Plan assets - (loss) / gain	11.81	(30.17)	37.59	25.00	15.00

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

The principal assumptions used in determining gratuity and other post-employment benefit obligations for the Company's plans are shown below:

Particulars	September 30, 2014	March 31, 2013
	%	%
Discount rate	8.50	8.50
Expected rate of return on assets	8.50	8.50
Salary escalation	3.00	3.00

The fund is administered by Life Insurance Corporation of India. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

32 Contingent Liabilities and Commitments

(to the extent not provided for)

Particulars	September 30, 2014	March 31, 2013
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	480.35	744.11
Export obligations	20,013.73	18,120.17
Contingent liabilities		
Dividend on Redeemable preference shares	6,834.56	1,487.07
Sales tax, income tax and excise related matters	2,286.45	2,060.85

The Tamil Nadu Government has issued notification levying additional charge on High Tension Industries, having Arc furnaces at 25% of the power consumption effective from 1st December 2001 till 15th March 2003. Though the Company has not received any demand in this regard, the notification has been challenged by the Company before the High Court of Madras. The High Court has granted interim stay. Subsequently, TNERC passed an order imposing 15 % Arc furnace additional charge effective from March 16, 2003. The Company also filed an affidavit stating that it had installed in 1999, harmonic filters to contain the harmonic levels. The Hon'ble Madras High Court after hearing the case on October 8, 2003, directed TNEB to verify the installation of harmonic filters by the Company and report back the status. Though the verification is done, TNEB has not filed the report in the High Court and the case is yet to come up for further hearing. The Management believes that the final impact is not ascertainable pending the receipt of report from TNEB. In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are reasonable chances of successful outcome of appeals.

33 Related Party Disclosure

List of parties where control exists

Holding Company	Hinduja Automotive Limited (formerly 'LRLIH Ltd'), UK (upto 29 January 2014)
Entities having significant influence	Hinduja Foundries Holding Limited (from 30 January 2014)
	Hinduja Automotive Limited (formerly 'LRLIH Ltd'), UK (from 30 January 2014)
Fellow Subsidiary	Ashok Leyland Limited (upto 29 January 2014)
Associate Company	Ashok Leyland Wind Energy Limited
Entity under common control	Nissan Ashok Leyland Powertrain Limited (upto 29 January 2014)
Key Managerial Personnel	Mr. G R V Rajan, Managing Director (w.e.f. 17th July 2013)
	Mr. B Swaminathan, Managing Director. (Upto 17th July 2013)

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Transactions/balance with related parties

Particulars	Relationship	September 30, 2014	March 31, 2013
Sale of goods/services	Fellow subsidiary	8,343.61	7,857.34
Sale of goods/services	Entity under common control	961.13	1,417.40
Purchases of materials	Fellow subsidiary	212.51	358.83
Purchase of power	Associate	3,070.19	793.73
Advances received	Fellow subsidiary	-	7,500.00
Advance settled	Fellow subsidiary	-	11,711.57
Interest paid on advance	Fellow subsidiary	23.26	21.00
Subscription to preference share capital	Fellow subsidiary	-	22,500.00
Managerial remuneration	Key managerial personnel	191.76	59.40
Balances outstanding			
Amount payable (excluding preference share capital)	Fellow Subsidiary	-	91.21
Amount payable - Preference share capital	Fellow Subsidiary	-	32,166.67
Amount payable	Associate	-	250.20
Amount receivable	Fellow Subsidiary	-	6,152.90
Amount receivable	Entity under common control	-	313.56

34 Information regarding Managerial Remuneration

Managing Director's Remuneration

Particulars	September 30, 2014	March 31, 2013
Mr. G R V Rajan		
Salary	115.57	-
Contribution to provident and other funds	3.83	-
Perquisites or benefits	-	-
Mr. B.Swaminathan		
Salary	53.37	42.00
Contribution to provident and other funds	3.14	2.88
Perquisites or benefits	15.85	14.52

As the future liabilities of gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Managing Director is not ascertainable separately and therefore not included above.

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

35 Segment Reporting

The Company's business is confined to only castings. Accordingly, the Company operates in a single business segment. Further, the Company markets its products primarily in the domestic markets. Hence there are no reportable geographical segments.

36 Dues to Micro and Small Suppliers

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at September 30, 2014 has been made in the financial statements based on information received and available with the Company and relied upon by auditors. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

Particulars	September 30, 2014	March 31, 2013
Principal amount due	Nil	Nil
Interest due on the above	Nil	Nil
Amount of interest due and payable where principal has already been paid but the interest has not been paid	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
Amount of further interest remaining due and payable even in the succeeding periods, 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 the Act	Nil	Nil

37 Raw Materials Consumed

Particulars	September 30, 2014	March 31, 2013
Pig iron	1,710.88	443.65
Steel scrap	23,099.40	7,355.16
Iron scrap	6,369.57	1,657.53
Carboriser	1,134.37	391.13
Ferro Alloys	3,811.57	1,082.33
Aluminium Alloy	98.92	424.92
Others	13,685.27	3,566.37
Total	49,909.98	14,921.09

38 Details of imported and indigenous raw materials and stores and spares during the financial year

i) Raw materials

	September 30, 2014		March 31, 2013	
	% of total Consumption	Amount	% of total Consumption	Amount
Imported	0.86%	429.95	0.91%	136.15
Indigenous	99.14%	49,480.03	99.09%	14,784.94
Total	100.00%	49,909.98	100.00%	14,921.09

ii) Stores and spares

	September 30, 2014		March 31, 2013	
	% of total Consumption	Amount	% of total Consumption	Amount
Imported	3.75%	166.54	2.12%	34.62
Indigenous	96.25%	4,279.75	97.88%	1,598.07
Total	100.00%	4,446.29	100.00%	1,632.69

39 Value of Imports on CIF Basis

Particulars	September 30, 2014	March 31, 2013
Raw materials	411.66	136.15
Spares	177.34	34.62
Capital goods	925.74	1,745.18
Total	1,514.74	1,915.95

40 Expenditure in Foreign Currencies (on accrual basis)

Particulars	September 30, 2014	March 31, 2013
Travelling	2.67	9.47
Consultants fees	6.72	-
Annual Maintenance cost	-	10.12
Interest on external commercial borrowings	968.91	127.93
Total	978.30	147.52

41 Earnings in Foreign Currency (on accrual basis)

Particulars	September 30, 2014	March 31, 2013
Export on F.O.B basis	1,559.02	139.71
Total	1,559.02	139.71

42 Derivative Instruments

During the period (eighteen months period) ended 30 September 2012, the Company adopted the Accounting Standard (AS)-32 "Financial Instruments: Disclosures" as issued by ICAI, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

i Hedges of highly probable forecasted transactions

The Company classifies its derivative contracts that hedge interest rate risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded as part of reserves and surplus within the Company's "hedging reserve", and re-classified in the statement of profit and loss as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion is immediately recorded in the statement of profit and loss. In respect of the aforesaid hedges of highly probable forecasted transactions, the Company has recorded, in reserves and surplus, a net profit of Rs.297.52 lakhs (March 31, 2013: Rs.99.13 lakhs) for the period (eighteen months period) ended September 30, 2014. The net carrying amount of the Company's "hedging reserve" was a loss of Rs. 281.95 lakhs (March 31, 2013: Rs.579.47 lakhs) as at September 30, 2014.

Notes to financial statements for the eighteen months period ended September 30, 2014
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

- ii Foreign currency exposures on account of trade receivables/ trade payables not hedged derivative instrument or otherwise are as follows:

Particulars	September 30, 2014		March 31, 2013	
	Amount (in original currency)	Amount (INR in Lakhs)	Amount (in original currency)	Amount (INR in Lakhs)
Loan payable				
USD	14,000,000	8,625.89	26,782,775	14,566.95
EUR	-	-	-	-
Trade payable				
EUR	41,070	32.12	163,415	113.65
USD	-	-	76,506	41.61
Trade receivable				
EUR	293,392	229.43	36,858	25.45

43 Qualified Institutional Placement and Preferential allotment of equity shares

During the period, the Company has raised equity share capital of Rs.8,092.68 lakhs (comprising 26,105,417 equity shares of Rs.10/- each at a premium of Rs.21/- per equity share) through Qualified Institutional Placement (QIP). Further, the Company has raised Rs.6,085 lakhs (comprising 17,818,448 equity shares of Rs.10/- each at a premium of Rs.24.15/- per equity share) through preferential allotment of shares to the promoters' group. As per the offer document, the proceeds from the aforesaid QIP and private placement net of share issue expenses of Rs.81.77 lakhs (includes INR15 lakhs paid to statutory auditors) have been utilized for augmenting the resources of the Company, funding the various capital expansion plans, long term working capital requirements and debt rationalisation other purposes as may be permissible under applicable law.

- 44** The Company had acquired a piece of land from APIIC (Andhra Pradesh Industrial and Infrastructure Corporation Limited) and the registration of the land in favour of the Company would be completed upon the Company commencing commercial production before March 31, 2012. Whilst steps are being taken to implement the project on such land, the Company has not been able to do so in view of the delays in basic infrastructural facilities (electricity, water supply etc) being made available to the Company. The Company has been seeking extension of time from the Government Authorities to implement the project.

The Telengana State Industrial Infrastructure Corporation Limited (pursuant to the formation of the state of Telengana) has sought to cancel the allotment of the aforesaid land and has requested the Company to surrender the possession of the vacant land by October 20, 2014 for which the Company sought a further extension of time up to September 2015. The Company has also communicated the tentative timelines for implementation of the project. Based on legal advice, the Company believes that it has adequate grounds to defend its position on retaining the possession of the land. Pending the resolution of the aforesaid matter, the associated project costs incurred to date aggregating to Rs.1,658 lakhs (excluding land cost) have been carried at cost as at September 30, 2014. Also refer note 2(a).

45 Transfer Pricing

The Company had transactions with related parties. As required by the relevant provisions of the Income-tax Act, 1961 the Company has a policy of maintaining documents to prove that these transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

46 Prior period comparatives

Previous year figures have been regrouped /reclassified, wherever necessary, to conform to current period's classification. The Company's previous financial year was for a period of 6 months ended March 31, 2013. Pursuant to the change of year -end , the current financial year ended September 30, 2014 is for a period of 18 months. Accordingly, current period's figures are not comparable with that of the previous year which is for a period of 6 months.

for B S R and Company

Chartered Accountants

ICAI Firm registration no: 128900W

S Sethuraman

Partner

Membership No : 203491

Place : Chennai

Date : November 20, 2014

**For and on behalf of the Board of Directors of
Hinduja Foundries Limited**

R Seshasayee

Chairman

S Venkatasubramanian

Company Secretary

G R V Rajan


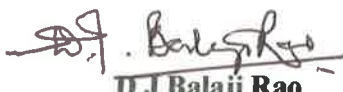

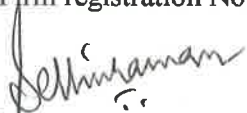
Managing Director

K R Ravi Shankar

Chief Financial Officer

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Hinduja Foundries Limited
2.	Annual financial statements for the year ended	30 September 2014
3.	Type of Audit observation	Emphasis of matter.
4.	Frequency of observation	Since how long period - From financial year ended 30 September 2012 i.e 3 financial years.
5.	<p align="center">Signed by- For Hinduja Foundries Limited</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  G R V Rajan Managing Director </div> <div style="text-align: center;">  D J Balaji Rao Audit Committee Chairman </div> <div style="text-align: center;">  K R Ravi Shankar Chief Financial Officer </div> </div> <p>for B S R and Company Chartered Accountants ICAI Firm registration No.:128900W</p> <div style="text-align: center;">  S Sethuraman Partner Membership No: 203491 </div>	

L27104TN1959PLC003849
HINDUJA FOUNDRIES LIMITED
CIN-L27104TN1959PLC003849

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