

Hindustan Motors

Registered Office :  
Hindustan Motors Limited  
Birla Building, 14th Floor  
9/1, R. N. Mukherjee Road  
Kolkata - 700 001

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25<sup>th</sup> May, 2016

- 1 The Manager, Listing Department  
National Stock Exchange of India Ltd  
Exchange Plaza, 5<sup>th</sup> floor  
Plot No. C/1, G Block  
Bandra-Kurla Complex, Bandra (East)  
Mumbai – 400 051  
(Company Code : HINDMOTORS)
- 2 Corporate Relationship Dept.  
BSE Limited  
1<sup>st</sup> floor, New Trading Ring  
Rotunda Building, P. J. Towers  
Dalal Street, Fort  
Mumbai – 400 001  
(Company Code : 500500)

Dear Sir(s),

**Sub: Submission of Audited Financial Results along with Audit Report and Form A for the quarter and financial year ended 31<sup>st</sup> March, 2016**

Enclosed please find the Statement of Standalone and Consolidated Audited Results of the Company for the quarter and financial year ended 31<sup>st</sup> March, 2016 in the prescribed format in terms of requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The results were approved by the Board of Directors of the Company at its meeting held on 25<sup>th</sup> May, 2016.

We are also enclosing herewith Audit Report of the Auditors in respect of the said financial results duly placed before the Board of Directors of the Company at its meeting held on 25<sup>th</sup> May, 2016 and Form A. The Board of Directors, while approving the Audited Financial Results had also confirmed that the Company continued to adopt the same accounting policies which were followed earlier.

The above submission is in compliance with the requirement of Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have sent the said results to newspapers for publication latest by 26<sup>th</sup> May, 2016 as per the Regulation 47(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The meeting of the Board of Directors of the Company commenced at 2.00 PM and concluded at 5.30 PM.

A line of acknowledgement, in the meantime, shall be awaited.

Thanking you,

Yours faithfully  
For Hindustan Motors Limited

Uttam Bose  
Director

Encl: As above

**Hindustan Motors Limited**  
**Regd. Office "Birla Building", 14<sup>th</sup> Floor,**  
**9/1, R.N.Mukherjee Road,**  
**Kolkata-700 001.**

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**Statement of Audited Financial Results for the Quarter and Year ended 31st March, 2016**

(₹ in Lacs)

|                                                                                                                     | Stand-alone           |               |              |                |                | Consolidated   |                |
|---------------------------------------------------------------------------------------------------------------------|-----------------------|---------------|--------------|----------------|----------------|----------------|----------------|
|                                                                                                                     | Quarter ended         |               |              | Year ended     |                | Year ended     |                |
|                                                                                                                     | 31.03.16              | 31.12.15      | 31.03.15     | 31.03.16       | 31.03.15       | 31.03.16       | 31.03.15       |
|                                                                                                                     | (Audited)             | (Unaudited)   | (Audited)    | (Audited)      | (Audited)      | (Audited)      | (Unaudited)    |
| <b>Part I</b>                                                                                                       | <b>(Refer note 4)</b> |               |              |                |                |                |                |
| <b>Particulars</b>                                                                                                  |                       |               |              |                |                |                |                |
| <b>1 Income from Operations</b>                                                                                     |                       |               |              |                |                |                |                |
| a) Net Sales / Income from Operations                                                                               | 19                    | 3             | 7            | 26             | 1434           | 26             | 1434           |
| b) Other Operating Income                                                                                           | 11                    | 9             | -            | 55             | 76             | 55             | 76             |
| <b>Total income from Operations (Net)</b>                                                                           | <b>30</b>             | <b>12</b>     | <b>7</b>     | <b>81</b>      | <b>1510</b>    | <b>81</b>      | <b>1510</b>    |
| <b>2 Expenses</b>                                                                                                   |                       |               |              |                |                |                |                |
| a) Cost of materials consumed                                                                                       | 34                    | 30            | 10           | 123            | 1009           | 123            | 1009           |
| b) Purchase of Traded Goods                                                                                         | -                     | -             | -            | -              | 89             | -              | 89             |
| c) (Increase)/ Decrease in Finished Goods, Stock-in-Trade and Work-in-Progress                                      | 76                    | 42            | 38           | 207            | 280            | 207            | 280            |
| d) Employee Benefits Expense                                                                                        | 365                   | 795           | 477          | 1412           | 2772           | 1412           | 2772           |
| e) Depreciation and Amortisation Expense                                                                            | 48                    | 44            | 51           | 189            | 210            | 189            | 210            |
| f) Other Expenses                                                                                                   | 120                   | 94            | 151          | 475            | 1146           | 475            | 1146           |
| <b>Total Expenses</b>                                                                                               | <b>643</b>            | <b>1005</b>   | <b>727</b>   | <b>2406</b>    | <b>5506</b>    | <b>2406</b>    | <b>5506</b>    |
| <b>3 Profit / (Loss) from Operations before Other Income, Finance costs &amp; Exceptional items (1-2)</b>           | <b>(613)</b>          | <b>(993)</b>  | <b>(720)</b> | <b>(2325)</b>  | <b>(3996)</b>  | <b>(2325)</b>  | <b>(3996)</b>  |
| <b>4 Other Income</b>                                                                                               | <b>22</b>             | <b>20</b>     | <b>33</b>    | <b>156</b>     | <b>588</b>     | <b>194</b>     | <b>588</b>     |
| <b>5 Profit / (Loss) before Finance costs &amp; Exceptional items (3+4)</b>                                         | <b>(591)</b>          | <b>(973)</b>  | <b>(687)</b> | <b>(2169)</b>  | <b>(3408)</b>  | <b>(2131)</b>  | <b>(3408)</b>  |
| <b>6 Finance Costs</b>                                                                                              | <b>257</b>            | <b>258</b>    | <b>169</b>   | <b>1035</b>    | <b>782</b>     | <b>1035</b>    | <b>782</b>     |
| <b>7 Profit/ (Loss) after Finance Costs but before Exceptional items (5-6)</b>                                      | <b>(848)</b>          | <b>(1231)</b> | <b>(856)</b> | <b>(3204)</b>  | <b>(4190)</b>  | <b>(3166)</b>  | <b>(4190)</b>  |
| <b>8 Exceptional items</b>                                                                                          | <b>-</b>              | <b>-</b>      | <b>-</b>     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>9 Profit/ (Loss) before Tax (7+8)</b>                                                                            | <b>(848)</b>          | <b>(1231)</b> | <b>(856)</b> | <b>(3204)</b>  | <b>(4190)</b>  | <b>(3166)</b>  | <b>(4190)</b>  |
| <b>10 Tax Expenses</b>                                                                                              |                       |               |              |                |                |                |                |
| a) Current Tax                                                                                                      | -                     | -             | -            | -              | -              | -              | -              |
| b) Deferred Tax                                                                                                     | -                     | -             | -            | -              | -              | -              | -              |
| c) Tax provision for earlier years (Net)                                                                            | -                     | -             | -            | -              | -              | -              | -              |
| <b>11 Net Profit / (Loss) after tax before Minority interest &amp; Share of Profit / (Loss) of Associate (9-10)</b> | <b>(848)</b>          | <b>(1231)</b> | <b>(856)</b> | <b>(3204)</b>  | <b>(4190)</b>  | <b>(3166)</b>  | <b>(4190)</b>  |
| <b>12 Paid-up Equity Share Capital* (Face value = Rs.5)</b>                                                         | <b>10433</b>          | <b>10433</b>  | <b>10433</b> | <b>10433</b>   | <b>10433</b>   | <b>10433</b>   | <b>10433</b>   |
| <b>13 Reserves (excl. Revaluation Reserves)</b>                                                                     |                       |               |              | <b>(20515)</b> | <b>(17311)</b> | <b>(20506)</b> | <b>(17340)</b> |
| <b>14 Earnings per share (not annualised)</b>                                                                       |                       |               |              |                |                |                |                |
| a) Basic (Rs.)                                                                                                      | -0.41                 | -0.59         | -0.41        | -1.54          | -2.13          | -1.52          | -2.13          |
| b) Diluted (Rs.)                                                                                                    | -0.41                 | -0.59         | -0.41        | -1.54          | -2.13          | -1.52          | -2.13          |
| * Excluding amount in respect of forfeited shares                                                                   |                       |               |              |                |                |                |                |

## Notes:

## 1) Statement of Assets and Liabilities

| Particulars                         | Stand-alone                    |                                | Consolidated                   |                                  |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
|                                     | As at<br>31.03.16<br>(Audited) | As at<br>31.03.15<br>(Audited) | As at<br>31.03.16<br>(Audited) | As at<br>31.03.15<br>(Unaudited) |
| <b>A EQUITY AND LIABILITIES</b>     |                                |                                |                                |                                  |
| 1 Shareholders' Funds               |                                |                                |                                |                                  |
| (a) Share Capital                   | 10441                          | 10441                          | 10441                          | 10441                            |
| (b) Reserves and Surplus            | (19786)                        | (16581)                        | (19777)                        | (16610)                          |
| Sub-total - Shareholders' Funds     | <b>(9345)</b>                  | <b>(6140)</b>                  | <b>(9336)</b>                  | <b>(6169)</b>                    |
| 2 Non-current Liabilities           |                                |                                |                                |                                  |
| (a) Long Term Borrowings            | 684                            | 1369                           | 684                            | 1369                             |
| (b) Other Long-term Liabilities     | 147                            | 155                            | 147                            | 155                              |
| (c) Long-term Provisions            | 167                            | 740                            | 167                            | 740                              |
| Sub-total - Non-current Liabilities | <b>998</b>                     | <b>2264</b>                    | <b>998</b>                     | <b>2264</b>                      |
| 3 Current Liabilities               |                                |                                |                                |                                  |
| (a) Short Term Borrowings           | 281                            | 239                            | 281                            | 239                              |
| (b) Trade Payables                  | 2527                           | 2517                           | 2517                           | 2546                             |
| (c) Other Current Liabilities       | 10552                          | 8002                           | 10552                          | 8002                             |
| (d) Short-term Provisions           | 146                            | 165                            | 146                            | 165                              |
| Sub-total - Current Liabilities     | <b>13506</b>                   | <b>10923</b>                   | <b>13496</b>                   | <b>10952</b>                     |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>5159</b>                    | <b>7047</b>                    | <b>5158</b>                    | <b>7047</b>                      |
| <b>B ASSETS</b>                     |                                |                                |                                |                                  |
| 1 Non-Current Assets                |                                |                                |                                |                                  |
| (a) Fixed Assets                    | 2720                           | 2931                           | 2720                           | 2931                             |
| (b) Non-current Investments         | 14                             | 14                             | 19                             | 19                               |
| (c) Long-term Loans and Advances    | 427                            | 545                            | 427                            | 546                              |
| (d) Other Non-current Assets        | -                              | -                              | -                              | -                                |
| Sub-total - Non-current Assets      | <b>3161</b>                    | <b>3490</b>                    | <b>3166</b>                    | <b>3496</b>                      |
| 2 Current Assets                    |                                |                                |                                |                                  |
| (a) Inventories                     | 699                            | 1054                           | 699                            | 1054                             |
| (b) Trade Receivables               | 118                            | 136                            | 112                            | 130                              |
| (c) Cash and Bank balances *        | 5                              | 24                             | 5                              | 23                               |
| (d) Short-term Loans and Advances   | 312                            | 397                            | 312                            | 397                              |
| (e) Other Current Assets            | 864                            | 1946                           | 864                            | 1947                             |
| Sub-total - Current Assets          | <b>1998</b>                    | <b>3557</b>                    | <b>1992</b>                    | <b>3551</b>                      |
| <b>TOTAL ASSETS</b>                 | <b>5159</b>                    | <b>7047</b>                    | <b>5158</b>                    | <b>7047</b>                      |

\* Includes cash and cash equivalents of ₹ 5 lacs (previous year ₹ 13 lacs)

- 2) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 25<sup>th</sup> May, 2016.
- 3) There were no extraordinary items during the respective periods reported above.
- 4) The figures of last quarter are the balancing figures between the audited figures in respect of the full financial year 31<sup>st</sup> March, 2016 and the unaudited published year-to-date figures up to 31<sup>st</sup> December, 2015, which was subject to limited review.
- 5) As the accumulated losses of the Company at the end of the financial year ended 30<sup>th</sup> September, 2013 exceeded its entire net worth, the Company has made reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985. The reference has been registered by BIFR and proceedings are going on.
- 6) The operating results have been adversely affected due to adverse market conditions and the accumulated losses of the Company as at 31<sup>st</sup> March 2016 stand at ₹ 23305 lacs as against the share capital of ₹ 10441 lacs. Also current liabilities as at 31<sup>st</sup> March 2016 exceed current assets by ₹ 11508 lacs. The Company had also declared "Suspension of work" at its Uttarpara plant w.e.f. 24<sup>th</sup> May 2014 & layoff at its Pithampur plant w.e.f. 4<sup>th</sup> December, 2014 (refer note 7 below). These conditions indicate the existence of material uncertainty about the Company's ability to continue as a going concern, which is dependent on the Company establishing profitable operations and sustainable cash flows. The Management is in the process of restructuring the operations including rationalizing the costs. The Management believes that these measures may result in sustainable cash flows and accordingly, the Company continues to prepare its accounts on a "Going Concern" basis. The Auditors in their audit report for the year ended 31<sup>st</sup> March 2016 had also given Emphasis of Matter on above.

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

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

- 8) During the previous quarter, the Company reached a compensation settlement with the permanent employees/workmen of the Company who have opted Voluntary Retirement Scheme (VRS). The compensation amount is included in employee benefit expenses (₹ 644 lac for the year ₹ 322 lac for the quarter under review)
- 9) In view of loss during the year as well as accumulated loss, the Company has not created Debenture Redemption Reserve in respect of 10.25% Secured Non-convertible Debentures issued during the previous year.
- 10) As the Company's business activity falls within a single primary business segment, viz., "Automobiles" and there is no reportable secondary segment i.e. geographical segment, the disclosure requirement of Accounting Standard-17 "Segment Reporting" is not applicable.
- 11) The consolidated financial result as indicated above includes Hindustan Motors Limited and its subsidiary.
- 12) Prior period figures have been re-grouped / rearranged, wherever necessary.

**By Order of the Board**



**Uttam Bose**  
**Director**

Place: Kolkata  
Dated: 25<sup>th</sup> May, 2016

**HINDUSTAN MOTORS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**RAY & RAY**  
**Chartered Accountants**  
Kolkata Mumbai Delhi Bangalore Chennai

# RAY & RAY

**CHARTERED ACCOUNTANTS**

Webel Bhavan, Ground Floor,  
Block - EP & GP, Sector V,  
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## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Hindustan Motors Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Hindustan Motors Limited ("*the Company*"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement and a summary of the significant accounting policies and other explanatory information for the year then ended.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

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



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

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

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

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

### **Opinion**

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

### **Emphasis of Matters**

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

Note 43 to the financial statements which indicates that the net worth of the Company is fully eroded as at 31<sup>st</sup> March 2016, leading to a material uncertainty about the company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books read with Note 46.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) The going concern matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate Report in "Annexure A".
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:





- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. The instances of delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company are indicated in Note 10 to the financial statements.

For **RAY & RAY**

Chartered Accountants

(Firm's Registration No.301072E)

*Nabanita Ghosh*

Nabanita Ghosh

Partner

Membership No. 58477

Place: Kolkata

Date: 25<sup>th</sup> May, 2016



**Annexure to the Auditor's Report**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of such verification in a phased manner to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In respect of fixed assets lying with third parties, the management has a process of obtaining periodic confirmations. No material discrepancies were noticed on such verification/confirmations during the period.
- (c) The title deed of immovable properties are held in the name of the Company
- (ii) The management has not conducted any physical verification of inventory during the year and as a result, material discrepancies, if any, were not ascertained and dealt with in the books of account.
- (iii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of clauses (iii) (a), (b) and (c) of paragraph 3 of the aforesaid Order are not applicable to the Company.
- (iv) According to the information and explanation given to us, during the year the Company has not given loans, made investments, given guarantees and provided securities covered by provisions of section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records as specified under Sub-Section (1) of Section 148 of the Companies Act, 2013, related to the manufacture of Vehicles, Spare Parts of Vehicles, Steel Products and Components and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- (vii) (a) According to the information and explanations given to us and on the basis of checking the records of the Company, we are of the opinion that the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax cess and any other statutory dues with appropriate authorities though there has been delays in respect of sales tax, value added tax and municipal tax. The extent of arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, are as mentioned below:

| Nature of the Statute                 | Nature of dues                                     | Amount (Rs in lacs) | Period to which amount relates | Due Date                  | Date of payment |
|---------------------------------------|----------------------------------------------------|---------------------|--------------------------------|---------------------------|-----------------|
| The Central Sales Tax Act, 1956       | CST                                                | 417.22              | April, 2013 to June, 2014      | May, 2013 to July, 2014   | Not paid        |
| West Bengal Value Added Tax Act, 2003 | VAT                                                | 1,034.46            | April, 2013 to June, 2014      | May, 2013 to July, 2014   | Not paid        |
| The Central Sales Tax Act, 1956       | Sales Tax Deferral credit                          | 878.62              | June, 2012 to June, 2014       | July, 2012 to July, 2014  | Not paid        |
| West Bengal Sales Tax Act, 1994       | Sales Tax Deferral credit                          | 1,681.44            | June, 2012 to March, 2014      | July, 2012 to April, 2014 | Not paid        |
| West Bengal Value Added Tax Act, 2003 | Sales Tax Deferral credit                          | 42.60               | April, 2014 to June, 2014      | July, 2014                | Not paid        |
| The West Bengal Municipal Act, 1993   | Municipal Tax under Uttarpara Kotrang Municipality | 72.42               | April 2012 – March, 2015       | May, 2012 to April, 2015  | Not paid        |

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

| Nature of the Statute        | Nature of dues                                                                                                                                | Amount (Rs in lacs) | Period to which amount relates | Forum where dispute is pending                                                                                             |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| The Central Excise Act, 1944 | Dispute on Account of Classification, Cenvat Credit, Assessable Value, Differential Excise Duty, Input Service Tax Credit, Excise duty on PDI | 6,737.25            | 1984-2015                      | CESTAT, High Court/Commissioner (Appeals)/Commissioner/Assistant/Commissioner of Central Excise/CESTAT, Joint Commissioner |
| The Central                  | Stock Transfer, Non-submission of                                                                                                             | 913.71              | 1995-2012                      | Additional Commissioner of                                                                                                 |

|                                       |                                                                                                                                          |          |           |                                                                                                                       |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|-----------------------------------------------------------------------------------------------------------------------|
| Sales Tax Act, 1956                   | C/D Forms etc                                                                                                                            |          |           | Commercial Taxes/High Court/W.B. Commercial Tax appellate & revision Board/Deputy Commissioner Assistant Commissioner |
| Tamil Nadu Sales Tax Act, 1959        | Additional Sales tax etc                                                                                                                 | 2.52     | 1989-1996 |                                                                                                                       |
| West Bengal Sales Tax Act, 1994       | Non Receipt of Sales tax form, Interest, Penalty, Post Return Adjustment etc                                                             | 0.37     | 2003-2004 | WB Commercial tax appellate & revision board                                                                          |
| West Bengal Value Added Tax Act, 2003 | Disallowance of VAT Credit, enhancement of turnover with wrong calculation and taxed                                                     | 5,908.33 | 2007-2013 | Taxation Tribunal of West Bengal/West Bengal Commercial tax Appellate & Revision Board/Additional Commissioner        |
| The Customs Act, 1956                 | Dispute on account of Classification, Duty on inclusion of Technical Know-how fees on imported goods, import of Engines, Short Levy etc. | 49.89    | 1990-2006 | Commissioner/Assistant Commissioner Appeals/Tribunal                                                                  |
| M.P. Commercial Tax Act, 1994         | Exemption Notification denied by Commissioner Appeal                                                                                     | 12.25    | 1997-2004 | Appellate Board, Bhopal                                                                                               |
| M.P. VAT Act, 2002                    | Ex-party Assessment Order                                                                                                                | 26.64    | 2011-2012 | Commercial Tax Officer                                                                                                |
| M.P. Commercial Tax Act, 1995         | Entry Tax                                                                                                                                | 90.25    | 2012-2013 | High Court                                                                                                            |
| The Central Sales Tax Act, 1956       | Ex-party Assessment Order                                                                                                                | 42.30    | 2011-12   | Commercial Tax Officer                                                                                                |

- (viii) Based on our audit procedures and as per the information and explanations given to us by the management, the Company has overdrawn cash credit borrowings from United Commercial Bank during the year amounting to Rs.4.95 lacs with an overall delay of less than 90 days and Rs.148.13 lacs with an overall delay of more than 90 days. There were no overdrawn cash credit borrowings as on the Balance Sheet date. The Company has outstanding debentures as on the Balance Sheet date. The Company has defaulted in repayment of dues to debenture holders which includes overdue principal amount of Rs. 346.27 lacs and interest amount of Rs. 120.53 lacs respectively, due since September 29, 2015.
- (ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer including debt instruments and term loan during the year. Accordingly, clause (ix) of paragraph 3 of the aforesaid Order is not applicable to the Company.



- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) On the basis of our examination of the records of the Company, the managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company. Accordingly, clause (xii) of paragraph 3 of the aforesaid Order is not applicable to the Company.
- (xiii) On the basis of our examination of the books of account of the Company and according to the information and explanations given to us, the transactions entered into with the related parties are in compliance with section 177 and 188 of the Act and the same has been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) On the basis of our examination of the records of the Company and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For RAY & RAY**  
Chartered Accountants  
(Firm's Registration Number :301072E)

*Nabanita Ghosh*

Place : Kolkata  
Date : 25<sup>th</sup> May, 2016

Nabanita Ghosh  
Partner  
Membership No. 58477



# RAY & RAY

CHARTERED ACCOUNTANTS

Webel Bhavan, Ground Floor,  
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ANNEXURE A

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN MOTORS LIMITED

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

#### Report on the Standalone Financial Statements

We have audited the internal financial controls over financial reporting of Hindustan Motors Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for laying down and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 2013 Act.

#### Auditor's Responsibility

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

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

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



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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of

**RAY & RAY**

Chartered Accountants

Firm Registration No. 301072E

*Nabanita Ghosh*

(Nabanita Ghosh)

Partner

Membership No. 58477

Kolkata, The 25<sup>th</sup> May, 2016



# RAY & RAY

**CHARTERED ACCOUNTANTS**

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## INDEPENDENT AUDITOR'S REPORT

To

The Members Of

Hindustan Motors Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Hindustan Motors Limited** (hereinafter referred to as "the Holding Company") and its subsidiary company (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements") for the year then ended.

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the



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audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31<sup>st</sup> March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to the following Note to the consolidated financial statements:

Note 43 to the consolidated financial statements which indicates that the net worth of the Company is fully eroded as at 31st March 2016, leading to a material uncertainty about the company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

#### **Other Matter**

We did not audit the financial statements of one subsidiary company, whose financial statements reflect total assets of Rs.9.25 lacs as at 31st March, 2016, total revenues of Rs. 37.96 lacs and net cash flows amounting to Rs. nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms

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of Sub- sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, are not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors .

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

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books read with Note 48.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The going concern matter described in under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group Company.
  - (f) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) The Holding Company has only one subsidiary company incorporated in U.S.A. and accordingly, reporting on the adequacy of internal financial controls over financial reporting of the Group as envisaged in section 143(3) (i) of the Act, is not applicable.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group Refer Note 30 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. The instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company are indicated in Note 10 to the consolidated financial statements.

For RAY & RAY

Chartered Accountants  
(Firm's Registration No.301072E)

Place: Kolkata,

Date: 25<sup>th</sup> May, 2016

*Nabanita Ghosh*

Nabanita Ghosh

Partner

Membership No. 58477



# RAY & RAY

CHARTERED ACCOUNTANTS

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E-mail : raynray@airtelmail.in

## AUDITOR'S CERTIFICATE

To  
The Members of **Hindustan Motors Limited**

We have examined the compliance of conditions of Corporate Governance by **Hindustan Motors Limited** ("the Company") for the year ended 31<sup>st</sup> March 2016 as stipulated in Clause 49 of the Listing Agreement for the period 1<sup>st</sup> April 2015 to 30<sup>th</sup> November, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period 1<sup>st</sup> December 2015 to 31<sup>st</sup> March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations as applicable.

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

For **RAY & RAY**  
Chartered Accountants  
Firm's Registration Number 301072E

*Nabanita Ghosh*

Nabanita Ghosh  
Partner  
Membership No. 58477



Kolkata

The 25<sup>th</sup> May, 2016

**FORM A**

**To be submitted along with Annual Audited Standalone Financial Results**

|   |                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                 |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Name of the Company                                                                                                                                                                                 | Hindustan Motors Limited                                                                                                                                                                                                                                        |
| 2 | Annual financial statements for the financial year ended 31 <sup>st</sup> March, 2016                                                                                                               | 31 <sup>st</sup> March, 2016                                                                                                                                                                                                                                    |
| 3 | Types of audit observation                                                                                                                                                                          | Unmodified with Emphasis of Matters (EOM)                                                                                                                                                                                                                       |
| 4 | Frequency of observation                                                                                                                                                                            | <ul style="list-style-type: none"><li>• Repetitive</li></ul>                                                                                                                                                                                                    |
| 5 | To be signed by- <ul style="list-style-type: none"><li>• Chief Executive Officer</li><li>• Chief Financial Officer</li><li>• Auditor of the Company</li><li>• Chairman of Audit Committee</li></ul> | <ul style="list-style-type: none"><li>• Mr. Ajay Kumar Bansal has resigned from the Company w.e.f. close of business hours on 13-5-2016</li><li>• Mr. Bhikam Chand Mishra</li><li>• Ray &amp; Ray, Chartered Accountants</li><li>• Smt. Mou Mukherjee</li></ul> |

**For RAY & RAY**  
**CHARTERED ACCOUNTANTS**  
ICAI Firm Registration Number: 301072E

*Nabanita Ghosh*

Nabanita Ghosh

Partner

Membership No.58477

Date: May 25, 2016

Place: Kolkata

**For Hindustan Motors Limited**

*Bhikam Chand Mishra*  
(Bhikam Chand Mishra)

Chief Financial Officer

*Smt. Mou Mukherjee*  
(Smt. Mou Mukherjee)

Chairman of Audit Committee

**FORM A**

**To be submitted along with Annual Audited Consolidated Financial Results**

|   |                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                 |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Name of the Company                                                                                                                                                                                 | Hindustan Motors Limited                                                                                                                                                                                                                                        |
| 2 | Annual financial statements for the financial year ended 31 <sup>st</sup> March, 2016                                                                                                               | 31 <sup>st</sup> March, 2016                                                                                                                                                                                                                                    |
| 3 | Types of audit observation                                                                                                                                                                          | Unmodified with Emphasis of Matters (EOM)                                                                                                                                                                                                                       |
| 4 | Frequency of observation                                                                                                                                                                            | <ul style="list-style-type: none"><li>• Repetitive</li></ul>                                                                                                                                                                                                    |
| 5 | To be signed by- <ul style="list-style-type: none"><li>• Chief Executive Officer</li><li>• Chief Financial Officer</li><li>• Auditor of the Company</li><li>• Chairman of Audit Committee</li></ul> | <ul style="list-style-type: none"><li>• Mr. Ajay Kumar Bansal has resigned from the Company w.e.f. close of business hours on 13-5-2016</li><li>• Mr. Bhikam Chand Mishra</li><li>• Ray &amp; Ray, Chartered Accountants</li><li>• Smt. Mou Mukherjee</li></ul> |

**For RAY & RAY**  
**CHARTERED ACCOUNTANTS**  
**ICAI Firm Registration Number: 301072E**

*Nabanita Ghosh*

Nabanita Ghosh

Partner

Membership No.58477

Date: May 25, 2016

Place: Kolkata

**For Hindustan Motors Limited**

*Bhikam Chand Mishra*  
(Bhikam Chand Mishra)

Chief Financial Officer

*Smt. Mou Mukherjee*  
(Smt. Mou Mukherjee)

Chairman of Audit Committee